

THE INDEPENDENT

Thursday 13 November 1997

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Doctors tear Louise's defence apart

Medical science will one day show conclusively that Matthew Eappen was the victim of an old head injury says Louise Woodward. Rubbish, reply a group of more than 40 doctors. David Usborne listened to the latest controversy in the Boston nanny case.

A group of 50 paediatricians specialising in child abuse came forward yesterday to denounce the core scientific claims presented by Louise Woodward's defence lawyers in her murder trial last month as "courtroom diagnosis, not medical diagnosis".

The bluntly-worded statement, sent in the form of a letter to US media organisations came hours after Woodward declared in a statement that the "science underlying the case" would one day vindicate her.

During the trial, Barry Scheck, one of Woodward's lawyers, brought a parade of seemingly eminently qualified doctors to the stand to back up his contention that Matthew Eappen suffered a head injury and clot up to three weeks before 4 February and that some kind of mild shock caused a rebleeding of the clot on that day.

In the letter yesterday, the doctors blasted that claim. "The hypothesis put forward by the defence that minor trauma caused a re-bleed of an earlier head injury can best be characterized as inaccurate, contrary to vast clinical experience, and unsupported by any published literature," it said.

The letter, signed by doctors in Boston, Chicago, Maine, and 47 others from the United States, Canada and Australia, said: "The re-bleed theory in infants is a courtroom diagnosis, not a medical diagnosis, and the jury properly rejected it. Infants simply do not suffer massive head injury, show no significant symptoms for days, then suddenly collapse and die."

Dr Robert Reece, a director at the Massachusetts Society for the Prevention of Cruelty to Children, was one of those who authored the letter. "We felt the evidence introduced was erroneous and was being accepted by the court as fact, when it isn't." Speaking of the reaction among paediatricians to the evidence he added: "There is major revision about this."

Woodward, whose fortunes were so dramatically reversed on Monday when Judge Hiller Zobel cut her conviction in the killing of Matthew Eappen to one of manslaughter and freed her with time served, last night left the Boston airport hotel where she has been staying since her release.

She boarded a ferry in Boston harbour, apparently on her way to a "safe" house which has been arranged so that she can escape the enormous media attention, while lawyers grapple with the complicated appeals process.

Branson to Blair: keep your promises or you lose my backing



Second thoughts: Tony Blair and Richard Branson (right), who now feels 'let down' by Labour over tobacco sponsorship. Photograph: David Rose

Virgin boss Richard Branson said yesterday he would have to review his role as an adviser to the Government if it failed to honour its election pledge to ban tobacco advertising and end the involvement of tobacco companies in sports sponsorship.

Mr Branson who had been advising the Government on alternative forms of sports sponsorship told *The Independent* that the ban must include Formula One.

Mr Branson said he would be contacting Tony Blair's office "to urge that they stick by their election promise ... I have always said that cigarette advertising should be banned.

Mr Branson said he would be contacting Tony Blair's office "to urge that they stick by their election promise ... I have always said that cigarette advertising should be banned.

And I have always said that sponsorship by tobacco companies is immoral."

Even though Mr Branson gave support to some of Margaret Thatcher's projects, he has become increasingly identified with the Prime Minister's drive to modernise Britain. If there were to be a parting of the ways between the two men over tobacco advertising, it would be a serious embarrassment to Mr Blair.

Mr Branson said: "Motor racing is a glamorous sport. Cigarette companies love to attach their wares to it." But the cigarette sponsorship of all sport had to be stopped. If there had to be a phase-out period for Formula One then it should be "as short a time as possible."

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Speaking in Brussels, Mr Branson denied he had made donations to political parties. "Not a penny. I have never given money to anybody."

— Katherine Butler

BA protest, page 16

INSIDE TODAY

SEX

And the single train traveller—in *The Eye*

JOHN WALSH/21

P-P-PICKING ON PENGUIN

EDUCATION +
The bright ones who can't afford university

CELEBRITIES

Stars cash in on Tibet, in *The Eye*



TRAGEDY/19

Shakespearean suffering in Stratford: the twin who could not live with his brother's murderer

WEATHER The Eye, page 10
TELEVISION The Eye, page 12
CROSSWORDS Page 32 and the Eye, page 9

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TODAY'S NEWS

The end of the Med?

Climate change could ruin the appeal of Mediterranean holiday resorts visited by millions of British holidaymakers. Greenpeace warns today. But if forecasts of famine, flood and drought come true, lost tourists could be the least of the problems. Food shortages and disease epidemics could devastate vast areas. Page 3

To hell, says Murdoch

Rupert Murdoch yesterday vowed there would be no let up in the newspaper price war which he started four years ago. He hit out at critics during BSkyB's annual general meeting, saying there was "no way" he would call a truce. "No one else wants to call a truce, they insult me every day, so they can go to hell," he said. Page 24

A gamble too far

Gamble while you drink lotteries with up to 12 draws an hour and a jackpot of £100,000 will be launched in 2,000 pubs, bars and cafes across Britain this month. But the government is poised to announce legislation to ban them because it is worried that a mix of gambling and alcohol is too potent. Page 3

COLUMN ONE

Moulin Rouge strikers kick up a storm

The cancan has become, temporarily, the can't-can't. A week after the ending of the lorry drivers' strike, the French disease has spread to the Moulin Rouge, the Paris night-club beloved of Toulouse-Lautrec and coaches parties of pensioners from Bognor.

Nineteen technicians are on strike - and have been fired - in a dispute over bonuses. Performances continue, after a fashion. In fact, they are, arguably, more startling than ever.

During one show, the management spitefully lifted the back-drop during the "grand spectacle" of the Doriss Girls. In the midst of the naked buttocks and boobs, the striking technicians were shamelessly exposed, sitting in on the rear of the stage in their blue overalls. A member of the management then strode onto the stage with a microphone and gave a short speech to the bemused audience, in French and in English, excoriating the strikers.

The technicians' union roundly condemned this humiliation of its members yesterday as an "act of brutality". Patrick Ferrier, secretary general of the national union of theatre technicians, said that his men were "beyond anger" that they had been made to appear involuntarily (albeit fully dressed) in the show. "It is a question of dignity and human respect," he said.

The theatre management, with the help of a few non-striking technicians, is putting on two performances a night, at a minimum of £75 a head. Many of the elaborate light effects and scene changes for which the Moulin Rouge is famous have been cancelled or reduced. The tank of live crocodiles, introduced to spice up the act recently, is still appearing, however.

So are the one hundred Doriss Girls. Union officials say the dancers are sympathetic to the strikers' cause but they are all on short-term contracts and cannot afford to annoy their bosses. Much the same applies to the crocodiles.

The Moulin Rouge (red windmill), on the Boulevard de Clichy in the now seedy Pigalle area of Paris, remains a popular spot. Its great days - chronicled by the painter Toulouse-Lautrec and ornamented by le pétomane, the man who could fart in time - are long gone. Few Parisians would dream of going there any more: the capital has far more exotic and extreme spectacles to offer. But the Moulin keeps turning with the support of foreign tourists and nostalgic visitors from provincial France.

— John Lichfield

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PEOPLE



'Exceptional' judge goes to jail for drink-driving

Judge Angus Macarthur, who took early retirement three days ago, was last night starting a prison sentence after admitting his third drink-driving offence in 12 years.

The former county court judge was jailed for 28 days. He was described in Peterborough magistrates' court as a "broken man" upon whom the loneliness and stress of being a judge had taken its toll.

Mr John Henson, defending, said his client, who was regarded as a fair judge with an "exceptional" judicial mind, had suffered vilification in the press and was regarded with disdain by some members of the public as a result of his drink-driving offence.

Passing sentence, stipendiary magistrate Ronald Bartle said: "There is no more painful task than for one member of the judiciary to pass sentence on another. But I have to bear in mind that the law must be even-handed. Those of us who administer law to others have a special responsibility to obey the law ourselves."

Macarthur, 55, of Stamford, Lincolnshire, who sat mainly at Peterborough County Court, close to yesterday's hearing, was also fined £2,000, ordered to pay £100 costs and disqualified from driving for 10 years. He is believed to be only the second judge to be imprisoned in Britain.

The Lord Chancellor's department said Macarthur was suffering from alcohol dependence and depression and his medical condition was such that he was no longer able to discharge his judicial duties.

The court had been told that Macarthur, who was divorced and lived alone, had twice the legal limit of alcohol in his blood when he was involved in a minor car accident in Peterborough a month ago. Macarthur's first drink-driving offence had been committed in 1985, and the second in 1993, when he was fined £3,000 and disqualified from driving for two years.

— Michael Streeter, Legal Affairs Correspondent

Gardener finds cold comfort in employer's will

A gardener who worked for seven years without pay for a wealthy widow who promised she would leave everything to him in her will, but who changed her mind before she died, lost his claim in the High Court yesterday.

Bob Taylor, 57, had been expecting to inherit a £250,000 home with large gardens in Crowthorne, Berkshire, when Gertrude Parker passed away last year.

Instead, he received a cheque for £1,000 and discovered that the bulk of Mrs Parker's estate had been left to one of her carers, Margaret Bosher. But a High Court judge ruled yesterday that there was no law forcing anyone to keep a promise and "nothing unfair, unjust or morally objectionable to Mrs Parker's change of will in 1995". "What could be criticised," he said, "was not telling Mr Taylor, at the time when he was working without pay."

Mrs Parker had made him the promise in 1988 and in 1991 after she became concerned about what would happen to her home and her two cats when she died. Mr Taylor, who worked in the gardens of

Heatherdene for 21 years, was so grateful that he did not ask for payment for the work in the garden or for the increasing number of odd jobs he carried out for her. But Mrs Parker grew worried about Mr Taylor's work in the garden. So she changed her will, but said that she was too "frightened of a confrontation" to tell Mr Taylor, and "took the coward's way out".

Asked if he felt any bitterness towards Mrs Parker, he replied, "No, I loved the lady ... I am just sorry it has gone this way."

— Amanda Kelly

UPDATE

HEALTH

Radiation risk to genes may worsen

Genetic damage caused by radiation may grow worse with each new generation, new research has shown.

The discovery from studies of mice could lead to a re-evaluation of radiation safety guidelines in medicine and industry, it was claimed yesterday. No evidence has emerged until now that radiation can have a lasting effect passed from generation to generation.

The bombing of Hiroshima and Nagasaki raised fears of inherited radiation damage. But studies of the descendants of the A-bomb survivors found no sign of this was happening. The dearth of mutations in later generations was thought to be the result of sperm and eggs repairing their DNA or the destruction of hopelessly damaged cells. But new research from the University of California at Davis has resurrected the spectre of generational radiation damage.

ENVIRONMENT

Benefits of the royal farm organic



Government research scientists have backed the Prince of Wales's claims about the benefits of organic farming. Prince Charles, who has long championed traditional, non-chemical farming methods, turned his Home Farm over to the Government's three research councils for investigation. The organic system has been used at the farm, which borders the Prince's home at Highgrove, Gloucestershire, for 11 years. The results of the study revealed clear economic and environmental benefits, according to Richard Aylard, an environmental adviser, and former private secretary to the Prince.

Correction

The Bush Theatre has asked us to point out that, while its "Arts for Everyone" lottery application was indeed turned down, its core grant has not been cut, as was suggested yesterday in our article on the venue's 25th anniversary.

TOURIST RATES

Australia (dollars)	2.34	Italy (lira)	2,768
Austria (schillings)	19.75	Japan (yen)	209.60
Belgium (francs)	58.07	Malta (lira)	0.62
Canada (\$)	2.33	Netherlands (guilder)	3.17
Cyprus (pounds)	0.82	Norway (kroner)	11.55
Denmark (kroner)	10.77	Portugal (escudos)	285.20
France (francs)	9.40	Spain (pesetas)	236.70
Germany (marks)	2.82	Sweden (kroner)	12.38
Greece (drachmai)	444.50	Switzerland (francs)	2.30
Hong Kong (\$)	12.74	Turkey (lira)	300.267
Ireland (pounds)	1.08	USA (\$)	1.66

Source: Thomas Cook

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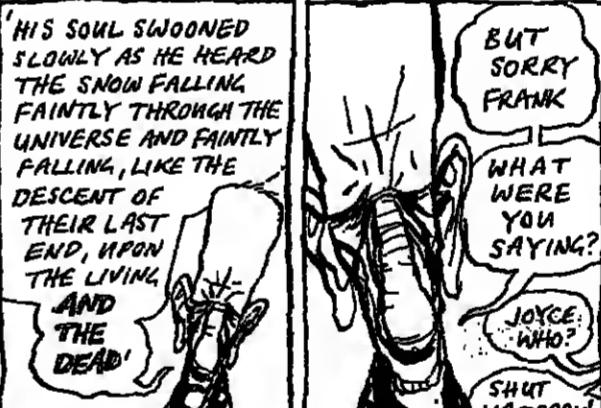
ZITS



by Jerry Scott & Jim Borgman

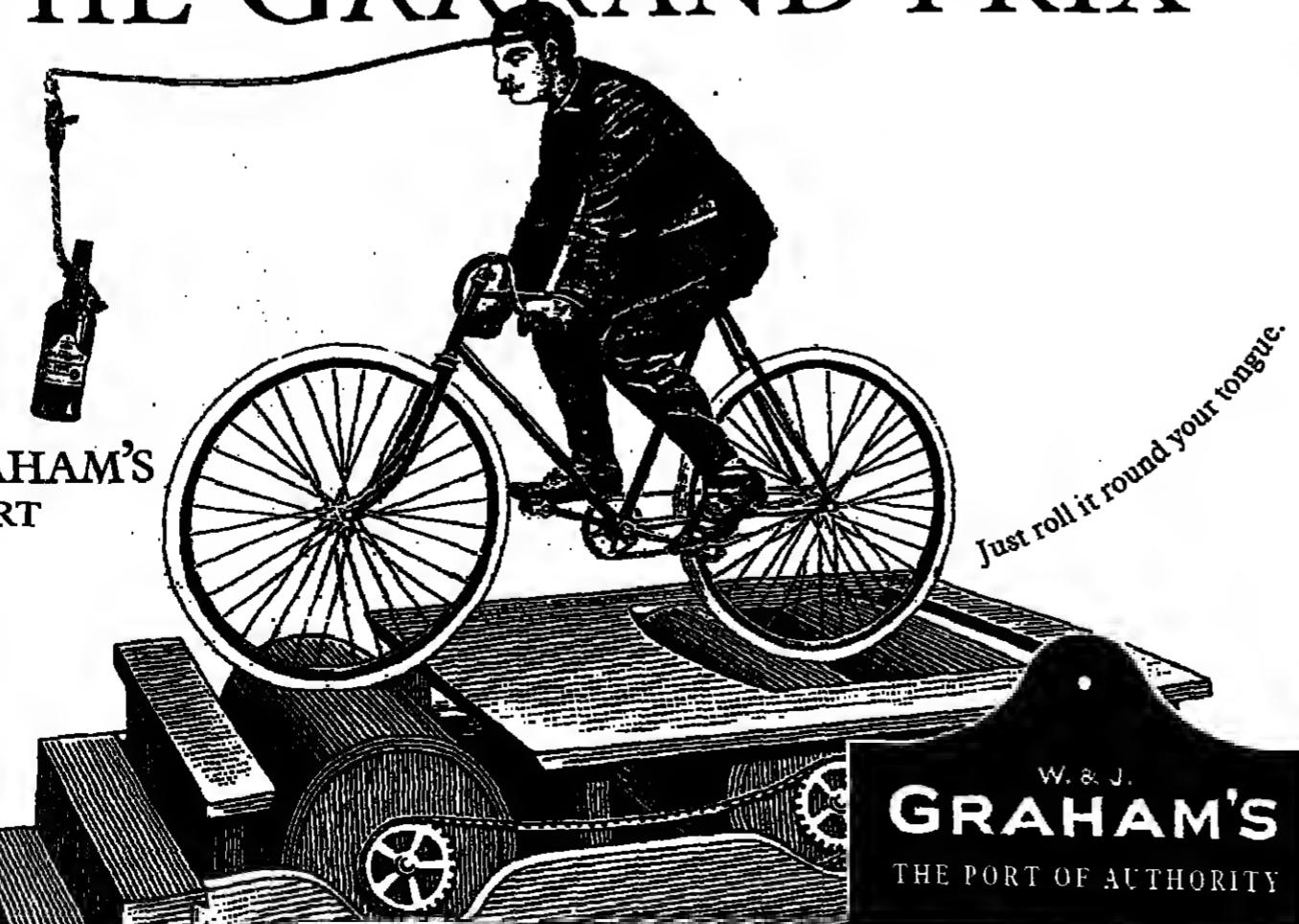


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by Chris Priestley

THE GRRAND PRIX



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3/LEADING STORIES

THE INDEPENDENT
THURSDAY
13 NOVEMBER 1997**Lottery rival faces ban as MPs voice addiction fears**

Gamble-while-you-drink lotteries with up to 12 draws an hour and a jackpot of £100,000 will be launched in 2,000 pubs, bars and cafes across Britain this month. The Government is poised to announce legislation to ban them, but is its decision justified? Fran Abrams asks why ministers believe that this is a punt too far.

To its opponents, it is a social evil which will create a lethal mixture of alcohol drinking and addictive gambling. To its supporters, it is a charitable enterprise which will cause less harm than fruit machines or scratch cards. But one thing is certain: rapid-draw lotto is coming to a bar near you.

Inter Lotto, the company which is running the new game in conjunction with charities such as Meocap and the Cystic Fibrosis Trust, is fighting a rear-guard action against ministers who have privately signalled their intention to ban the game. But even if the firm fails, the venture will run for at least six months while a new law is passed to stop it.

The organisers plan to build up to 10,000 outlets with an estimated annual turnover of £500m, of which the charities will receive £100m plus any unclaimed prizes.

This week, more than 40 Labour MPs backed a Commons motion calling for a ban on the game, which already exists in the US, Australia and Canada. It was drawn up by Claire Ward, the MP for Watford, who believes *Pronto* will be a step too far.

The game will bring drinking and gambling for high stakes into close proximity, she says, and will also hand over too small a proportion of its profits to

charity. The national lottery gives 28 pence in the pound to good causes.

"I'm not anti-gambling. I never have been and never will be. But sometimes you have to draw the line and way we have got all these things, do we want to take another step forward? I don't think we really do," she said.

Inter Lotto is chaired by Lord Mancroft, a Tory peer. He described the Government's proposed ban as "ridiculous, farcical and childish".

"I don't know what the Government's motivation is. It's like trying to comment on a blancmange which I can't get my hands on. Every time I have heard from them or spoken to them they have come up with something different," he said.

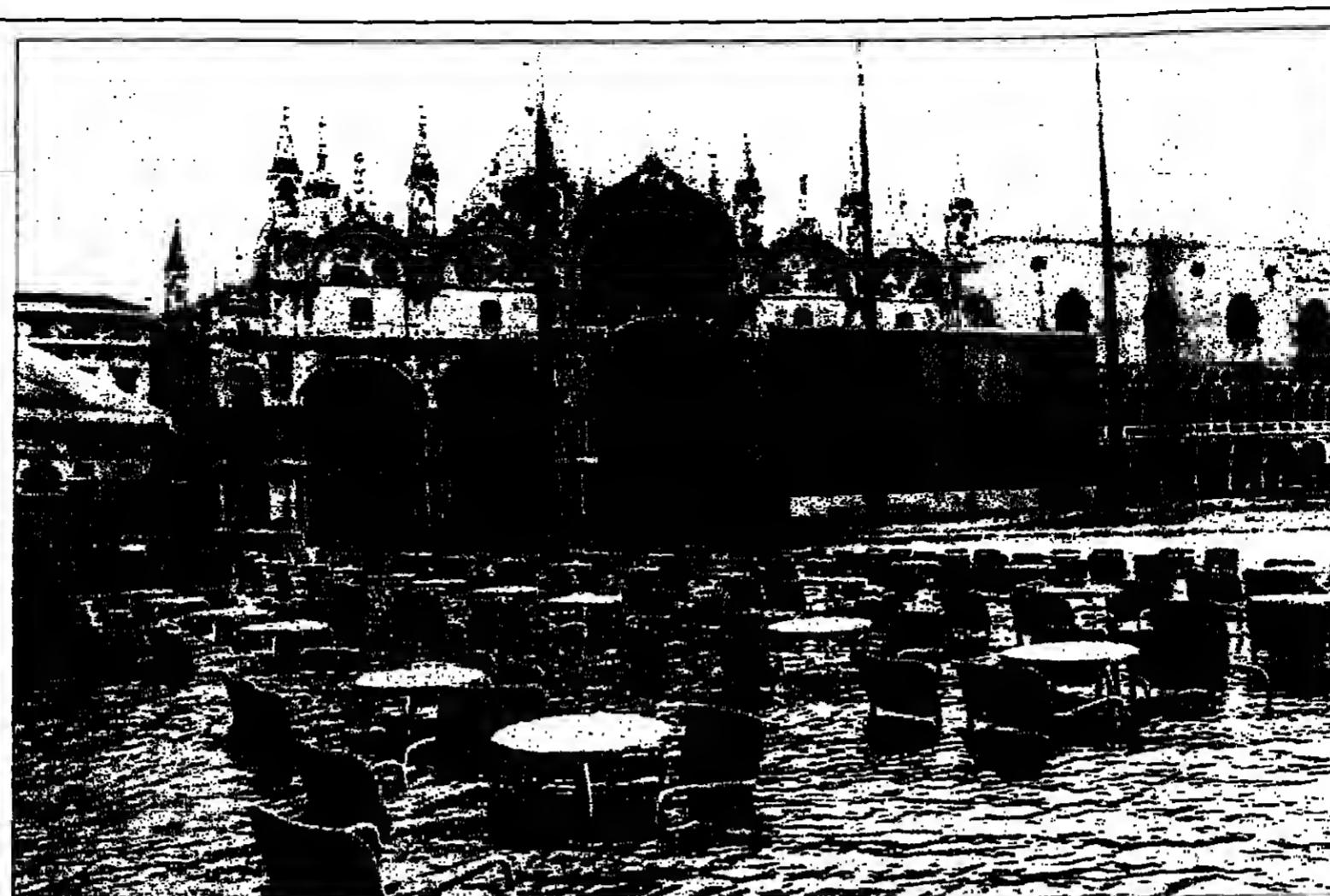
A proposed consultation had turned into a mere "seeking of views" and then into a straightforward ban, he said. It was unfair for the Government to talk of banning *Pronto* when pubs already had 150,000 slot machines. The new game would be run as a social activity like bingo, he said.

Dr Mark Griffiths of Nottingham Trent University, who chairs Gamcare, set up with the gaming industry to fight addiction, has written a report for Inter Lotto on the game.

He said he would not call for a ban but had some concerns.

For example, lotteries in pubs on very poor estates could induce people to gamble excessive sums in the hope of solving their problems. Longer periods between draws during the daytime would put off loners likely to gamble through compulsion rather than as a social activity, and keeping the sites in licensed premises would cut down the number of children who had access.

"There will be a small minority of people who have problems. Effectively you can play this game 12 times an hour, but with a fruit machine you can play 12 times a minute," he said.



Sea change: Flooding in Venice last year provided a premonition of what could happen to the city by 2100 if sea levels rise at their present rates

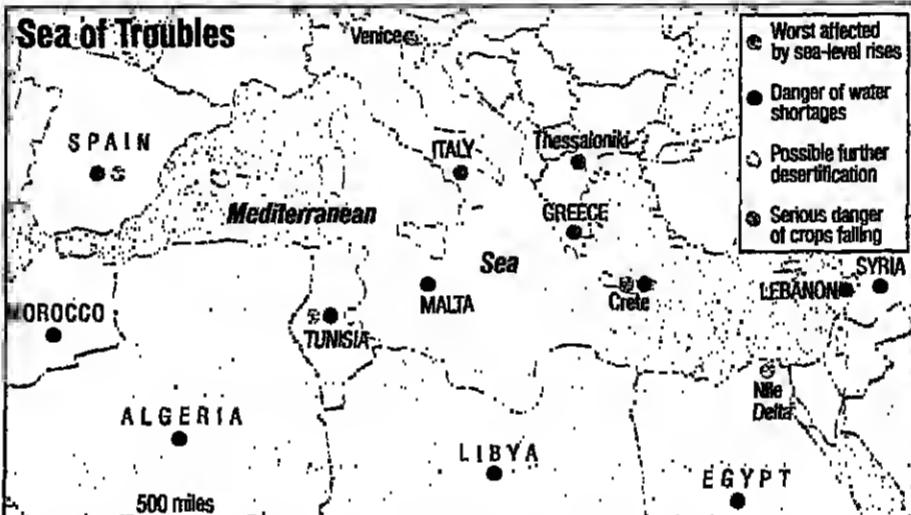
Could global warming sink your holiday plans?

Climate change could ruin the appeal of Mediterranean resorts visited by British holiday makers. Greenpeace warns today. But if forecasts of famine, flood and drought come true, a decline in tourism could be the least of the problems, says Nicholas Schoon, Environment Correspondent

Shrinking beaches, water and food shortages could all become the norm around the Mediterranean, according to a Greenpeace report.

Commissioned from a freelance consultant, it has been timed for the run up to the Kyoto Climate Summit in Japan next month when nations will negotiate on what they must do to reduce climate change.

To try to beef it up for an audience of northern Europeans, whose governments are in the lead in advocating the



toughest action to address the threat, Greenpeace is emphasising the threat to tourism.

More than 100 million people visit the sea's extensive, sunny coastline each year, and this had been projected to rise to as much as 340 million by 2025. "Now this is under threat as the possible impacts of climate change are more fully realised," says Greenpeace. All the more reason to reduce the world's rising consumption

of fossil fuels, emissions from which are changing the heat balance of the atmosphere.

The report is based on estimates for sea level and temperature rises in the next century made by the UN's Intergovernmental Panel on Climate Change, which brings together most of the leading climatologists from around the world. But Greenpeace has chosen to emphasise its worst-case scenario for 2100.

Temperatures are expected to rise by up to 4C over many inland areas. Annual rainfall is projected to fall by 10-40 per cent over much of Africa and south-eastern Spain, with smaller but potentially significant changes elsewhere.

As oceans expand and glaciers melt in a warmer world, sea levels could rise by almost one metre by the end of the next century. Venice, the Nile Delta and Thessaloniki in Greece

could witness sea level rises 50 per cent higher, because they are already subsiding.

In Egypt it is estimated that a sea level rise of only 0.5 metres would displace 16 per cent of the population if the coastline and riverbanks of the Nile Delta were not defended against the rising sea. Much of the population lives on the low-lying delta. Beach resorts could lose much of their sand.

Deserts may spread northwards and water resources will come under strain. Already Egypt, Libya, Tunisia, Algeria, Morocco and Syria have only about 1,000 cubic metres a year or less of water per person - a UN marker for water scarcity.

Yields of grain and other crops could suffer because of droughts. Livestock production will also suffer because of deterioration of grazing land. One study predicts large parts of Spain, southern Italy and Greece could become unsuitable for cereal growing.

Warmer conditions are likely to increase cases of malaria, schistosomiasis, yellow fever and dengue fever.

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UK faces action over failure to police abattoirs

Hygiene and health controls in British slaughterhouses and cold stores are not being implemented, the European Commission said yesterday. The Government now faces prosecution in the European Court for failing to appoint enough vets to police abattoirs against BSE and other infections writes Katherine Butler.

Britain was named as one of three countries now facing referral to the European Court for failure to do enough to combat BSE and protect human health. The latest accusations by Brussels come as a blow to the Labour government and Jack Cunningham, the Minister of Agriculture, who had claimed credit for transforming the atmosphere since the days when Britain was waging war with Brussels over BSE.

"Mr Cunningham is making all the right noises but they are still not respecting the rules," said a senior official. "The failure holds serious consequences for the spread of BSE and the illegal export trade in banned British beef, the source added.

At issue in this row is a European Union law dating from the early 1960s which stipulates that veterinary officers must be present in abattoirs to oversee the conditions of slaughter and meat preparation. EU inspections have repeatedly exposed the

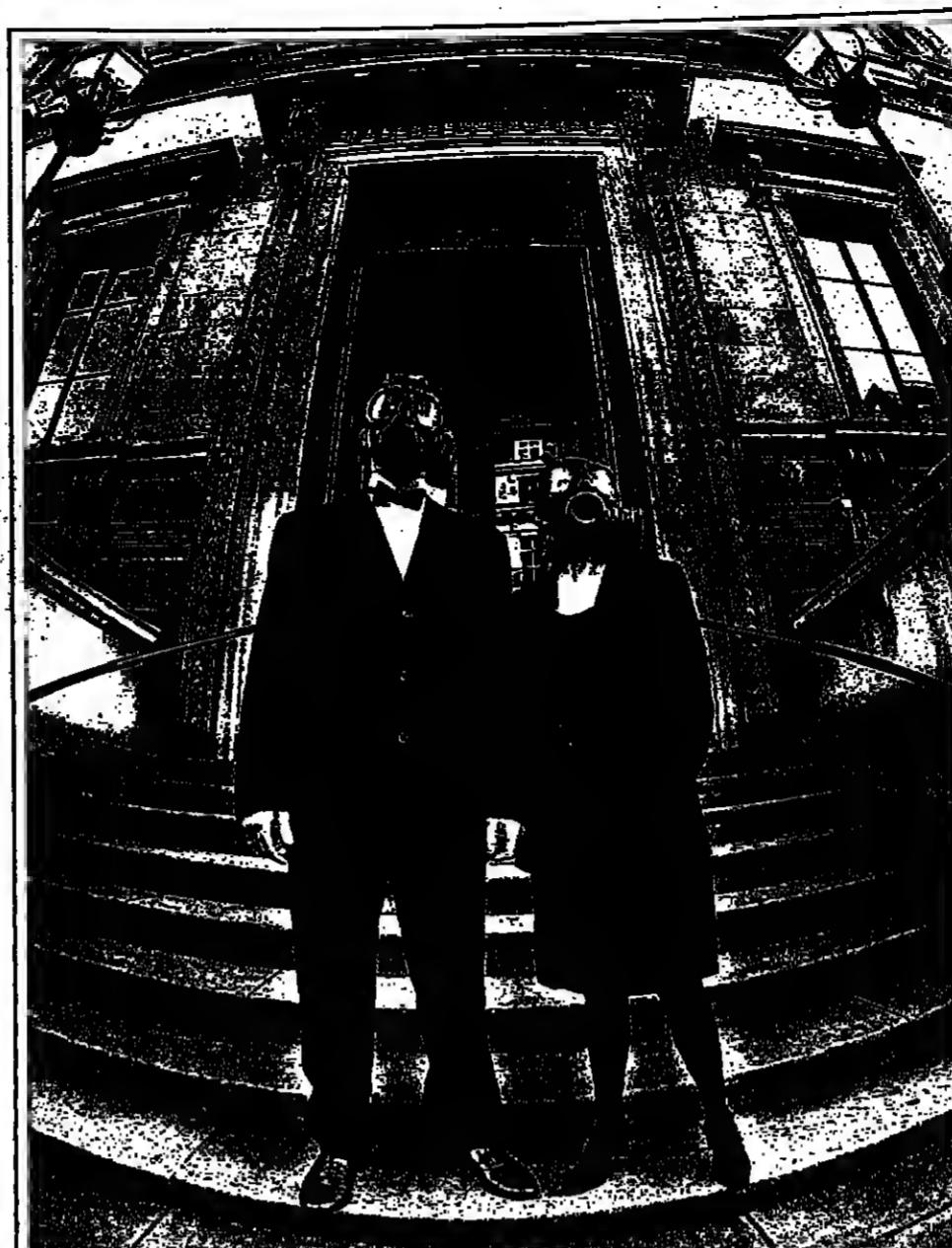
absence of the required numbers of vets in British abattoirs and cold stores.

The Commission initiated proceedings against the Government early in September with a written warning about the inspection gaps. But a reply pleading staff shortages has cut little ice with the Farm Commissioner, Franz Fischler. Officials say that Mr Fischler is all the more disappointed because British ministers have gone to such lengths to claim they are co-operating fully with the fight against BSE and the battle against the illegal exports trade.

Commission experts said the absence of adequate numbers of government vets posted to slaughterhouses in Britain held serious implications for the food chain. Checks are supposed to be carried out before and after slaughter to make sure that carcasses are free of faecal material which if unchecked can cause *E. coli* infection.

The other worry is that the absence of vets means slaughterhouses could be flouting the strict national and EU rules on the removal of spinal and other nervous tissue from cattle which may be harbouring BSE. "This inadequate supervision does not merely have consequences for the respect of the general public and animal health matters covered by EU legislation, but also for the particular problem of enforcement of EU legislation concerning BSE," said a statement from Mr Fischler's office.

Eleven countries received warnings about gaps in their health controls but only the UK, France and Spain failed to satisfy the Commission that they are being addressed.



Showing their cards: Croupiers protest yesterday outside a meeting of their employers in Pall Mall, London, over high levels of smoking by gamblers. Photograph: Peter Macdiarmid

Former radio DJ on pornography charge

Chris Denning, a former Radio 1 DJ, was yesterday charged by Czech police investigating an international child pornography ring.

Mr Denning, a member of the original line-up when Radio 1 was launched in 1967, was arrested in Prague yesterday, with three Frenchmen and an American, said a source.

The American was arrested early yesterday when he was

found with a group of five young boys, the Czech Interior Ministry said, adding that the other four men were arrested in the afternoon in central Prague.

In London, a Foreign Office spokesman said: "The Foreign Office confirms the arrest of a 56-year-old British man in Prague on 11 November."

The Czech police have told the British Embassy that he has been charged with sexual abuse

Biggs allowed to stay in Brazil

Ronnie Biggs will be allowed to stay in Brazil after all it was ruled last night. A spokesman for the Home Office confirmed that its request to extradite Biggs was turned down by the Brazilian Supreme Court and added that it was "very disappointing" by the ruling.

He was sentenced to 30 years in prison for his part in the Great Train Robbery in 1963 but escaped from Wandsworth Prison in 1965, using a rope ladder to get over the wall.

He fled to Rio de Janeiro in 1970 via Australia.

Brazil requested the return of 68-year-old Biggs from Brazil in October, two months after an extradition treaty was finally agreed between the two countries.

— Kate Watson-Smyth

Judges snub Howard on asylum for adulterer

An Iranian who says he faces a flogging for committing adultery, or even death at the hands of an outraged husband, if he returned home, had his hopes of obtaining refuge in Britain raised by the Court of Appeal yesterday.

A special adjudicator decided that Jafar Danaei, 29, was an "inveterate lecher" and accepted his account of nights spent with a married woman, whom he had heard was sub-

sequently stoned to death.

Mr Danaei's asylum application was turned down in March last year after the then Home Secretary, Michael Howard, disagreed with the adjudicator, calling the story "a complete fabrication". But yesterday, in a far-reaching judgment defending the independent role of adjudicators, three judges held that Mr Howard had acted unreasonably.

Lord Justice Brown, sitting with Lord Justice Ward and Lord Justice Judge, said Mr Danaei's application for exceptional leave should be reconsidered by the Home Secretary, Jack Straw, warning against the dangers of "decision-making by executive or administrative diktat".

The judges refused Home Office lawyers' permission to take the case to the House of Lords; but they can still petition the Law Lords direct.

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How Oxford exploited civil service to win bigger share of grant cash

Oxford University was last night accused by a former college principal of "a form of corruption" in defending the extra funds colleges receive for fees.

Judith Judd, Education Editor, reports on the admission by Sir Christopher Ball, negotiator with the Government over college fees in the Eighties, that he exploited civil servants' fecklessness to ensure that the colleges benefited.

As peers debated whether Oxbridge should keep the extra £35m in fees which it receives to fund tuition and libraries in individual colleges, Oxford attacked Sir Christopher who was warden (principal) of Keble College.

The allegation of corruption in the setting of college fees was "gratuitous", the university said.

Sir Christopher said in a statement that the colleges began to receive fees from the Government 30 years ago. At the end of the Seventies, the two universities agreed that increases in fees should be controlled.

"The agreement proved beneficial to Oxbridge since the Department of Education was a feeble negotiator and for some time allowed Oxbridge fees to increase at a rate faster than inflation," his statement said.

"Although I understand that the negotiations have been tougher since I ended my stint as chairman of the Oxford fees



Sir Christopher Ball (above), who claims that he exploited the fecklessness of civil servants to ensure that Oxford and Cambridge colleges benefited when he negotiated over college fees in the Eighties

Main photograph:
Brian Harris

committee in 1988, there is little doubt that the Oxbridge colleges have gained enormous financial benefit as a result of the public funding of what until then had been private fees."

Oxford argues that the colleges need fees to preserve the tutorial system. But Sir Christopher, who is now chairman of the

National Campaign for Learning, said that slow learners, not very bright Oxbridge undergraduates, needed tutorials.

Colleges could cope with the gradual ending of fees by using the wealth of the college endowments and the university's fund-raising strength.

"I have come to believe that it is bad for these two universities to be defending the indefensible; it is a form of corruption and I am one of those who stand in the dock," Sir Christopher said.

"We did not intend wrong, but our own ability, coupled with the fecklessness of those whose business it was to defend the public interest, have led to an embarrassing anomaly."

The university said: "Any talk of corruption in the process of settling college fees is clearly gratuitous. Were the college fee income to be removed, this would cause severe damage to the collegiate university – not least to Keble College, which has

a relatively low endowment and currently receives some £1.6m in annual fee with an overall income just over £4m."

The vice-chancellors of Oxford and Cambridge had seen Dr Kim Howells, the education minister, on Tuesday "in a serious and cordial atmosphere" and were "confident therefore of a fair hearing".

Unions furious over 'bash and dash' advice to teachers

Teacher unions yesterday condemned advice given by one union to its members to 'bash and dash' if they are attacked by a parent or pupil. Judith Judd, Education Editor, looks at the argument that fighting back against violence might be dangerous and could make matters worse.



Adviser: The ATL magazine

Advice sent out with the Association of Teachers and Lecturers' (ATL) magazine suggests that teachers should aim for the knee, solar plexus, elbow or little finger.

Teachers, it says, should first try to run away or shout and scream to deter the attacker, but "if all else fails, fight back – aim to 'bash and dash'. Use only enough force to defend yourself."

The advice, the union says, is based on suggestions made by organisations such as the Suzy Lamplugh Trust.

A spokeswoman for the National Union of Teachers said: "To hit back can inflame the situation further and would be inappropriate with pupils and, with adults, it could lead to greater danger. It is far better to remove yourself."

"This is not advice that we would give. It is very difficult to make a rational decision in the heat of the moment."

David Hart, general secretary of the National Association

of Head Teachers, said: "The ATL has given advice which could put teachers in a potentially difficult situation.

Teachers who follow that advice could be in a difficult position in the eyes of the law and could find themselves being prosecuted."

Nigel de Gruchy, general secretary of the National Association of Schoolmasters

ATL said: "This advice has been prepared as a result of demands from our members. They are increasingly being left alone and vulnerable in teaching areas.

"We have taken advice from organisations such as the Suzy Lamplugh to try and help them defuse the situation and then fight back if all else fails."

The advice says that teachers should first try to run away to a busier part of the school, or shout and scream and set off their personal alarms.

Only if they fail to divert the attacker in these ways, should they fight back and then they should use only enough force to defend themselves.

The spokesman emphasised that the recommendations were designed to deal with intruders, not pupils and were directed at teachers who worked alone, for example, in temporary buildings at some distance from the main school.

Attacks on teachers are increasing. A recent survey commissioned by the Department for Education showed that teachers at one in five schools had been kicked or punched. At one in ten schools pupils were found to have brought weapons to school.

The main threat came from pupils, but attacks by intruders and by parents who were angry about the way their child had been treated were also a problem.

"Each situation must be judged on its own merits. Teachers must think very carefully before offering a return of violence because it often makes the situation worse."

Education +

But a spokesman for the

Blunkett announces £83m extra for FE colleges

Further education colleges will get an extra £83m in 1998/99. David Blunkett, the Secretary of State for Education, said yesterday.

Of this, £20m will come from employers who in future will have to pay 50 rather than 25 per cent of the cost of their employees' courses. Another £48m will come from former training schemes to be replaced by the Government's New Deal for the long-term unemployed. Another £15m will come from accounting changes in Mr Blunkett's own department.

Government funding per

student has dropped by 28 per cent in the past five years. The colleges' deficit has grown from £6m to £12m since 1993. The Prime Minister said at this year's party conference that 500,000 new places would be created in further and higher education in the next five years. Most of these are expected to be in colleges of further education.

Yesterday's announcement aims to fund 80,000 more students next year and to ease the colleges' financial plight. Mr Blunkett told the Association of Colleges' conference in Harrogate: "Further education is

central to meeting the skills of business and commerce and improving employability."

Derek Bent, senior official at the National Association for Further and Higher Education, said: "It is a small deposit rather than the payment in full which is needed by colleges if they are to avoid the cash crisis and maintain standards for growing numbers of students."

The Association of University Teachers said that the Government should use the same approach for higher education and take money from employers to fund universities.

— Judith Judd

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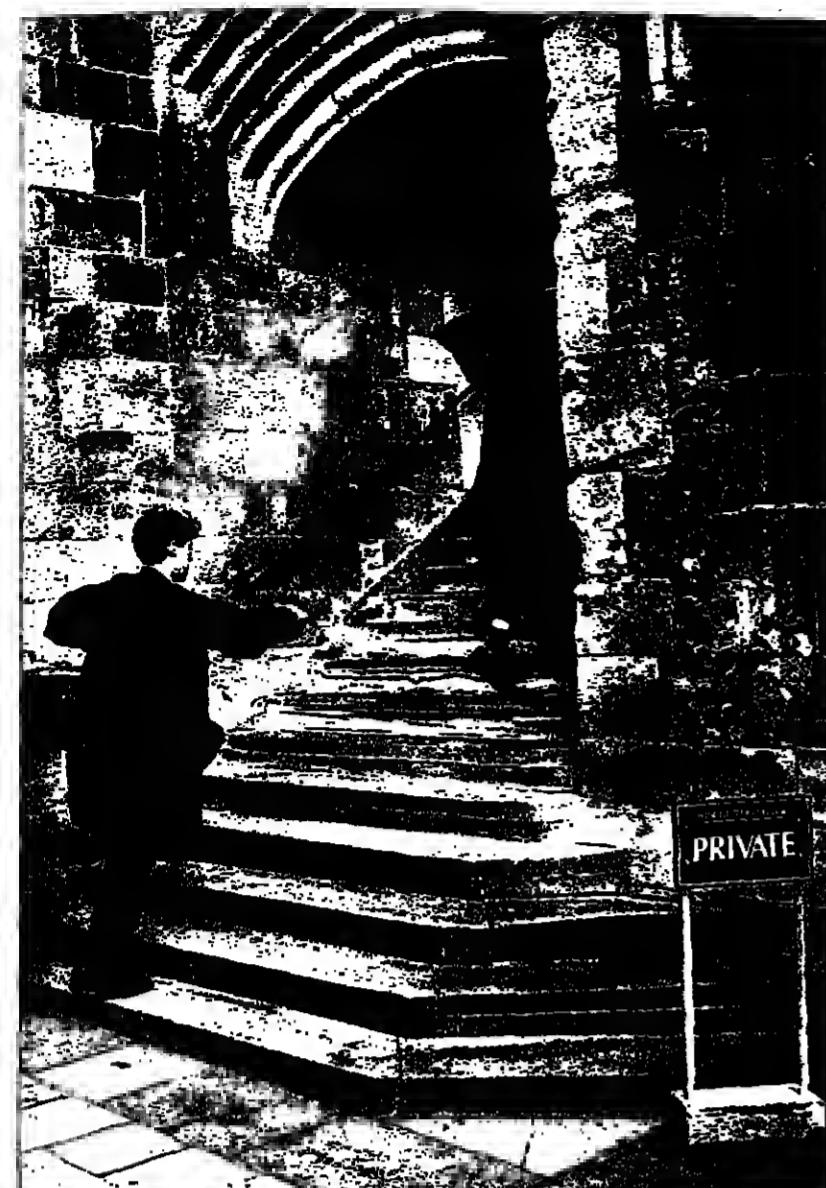
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Will the by-election be the salvation of Twyford Primary?

Candidates in next week's Winchester by-election are jumping on the schools bandwagon as the battle for votes heats up. Fran Abrams, Political Correspondent, says the argument runs across the educational spectrum - from the world-famous Winchester College to a crumbling primary down the road.

In the classroom of year six at Twyford Primary, Mr Honour is having trouble making eye contact with his pupils. This has less to do with his skill as a teacher than with the six large posts that are stopping the roof falling down.

Since last December, only four of the 29 pupils in this temporary classroom - bought secondhand 27 years ago - have been able to see the blackboard properly. There is no running water and across the playground another temporary block - 40 years old - is quietly subsiding into the garden next door. Between the two, the toilets are a morass of rotting wood and rising damp.

This is the sixth year running that Hampshire has bid for government funds to replace the classrooms. But this year there is a difference. This year there is a by-election.

Political points have been batted back and forth between the candidates. The Liberal Democrats ran Hampshire for four years until May, say the Tories; they should have given the school a higher priority.



The Tories were running the country, say the Liberal Democrats.

Both Mark Oaten, the Liberal Democrat who was declared Winchester MP in May only to have the decision overturned by the High Court, and Gerry Malone, the Tory who held the seat from 1992 have been to the school. Mr Oaten has excelled though, by personally phoning and writing to parents; he prides himself on being a local issues man.

But the two main runners in this race have not confined themselves to the hitherto unknown Twyford school - both have also been to talk to sixth formers at Winchester College, one of the country's top public schools. There are not many votes in this of course - most pupils are

boarders who live elsewhere even if they are 18 - but there are issues of concern.

For example, the school owns a piece of land on which it would like to build houses, and the whereabouts of these houses has become an election issue here.

Leaking roofs and toilet blocks are not a problem, though. The school brochure boasts "outstanding" sports facilities, a theatre and a separate arts school.

James Sabben-Clark, the headmaster, says local schools have the chance to share some of these - which means that government plans to increase links between state and private sectors are likely to make little difference here.

Twyford pupils have used the swimming pool in the past, and now use another in

The haves and the have-nots: Winchester College (main picture) provides a sharp contrast with the crumbling Twyford Primary (left), where Hampshire has for the last six years tried to get government grants to replace the classrooms

Photographs: David Rose

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Labour takes ethical arms policy to EU

The Government will today try to convert European partners to its ethical foreign and arms trading policies. Kim Sengupta examines radical and controversial proposals being put forward to exercise international control on the weapons of death.

Tony Blair's government is convinced that ethical arms trading is not an unrealistic and altruistic concept. And Britain will be using its presidency of the European Union to attempt pushing through the most far-reaching controls ever attempted on the arms trade.

Today Tony Lloyd, the minister of state at the Foreign Office, will unfurl a raft of measures in Stockholm for concerted EU action to stop the arms of repressive totalitarian regimes, and to curb illicit trading by private arms dealers.

Speaking at a seminar of the influential security pressure group Saferworld, Mr Lloyd will present a series of key policy proposals.

The fundamental plank

would be an EU Code of Conduct under which member states would be banned from "quietly undercutting" another which has refused to supply an export licence. Thus unsavoury customers would not be able to play off one supplier against the other. When Robin Cook, the Foreign Secretary, warned Indonesian leaders he would cut off arms supplies unless they improved their human rights record, their foreign minister, Ali Atlas, said other arms dealing countries were already "knocking at our door".

Making the code legally binding is deemed to be unrealistic, but it is intended as a Council Declaration, breaches of which would result in serious political consequences.

The second priority would be to persuade the rest of the EU to adopt Britain's ban on instruments of torture such as electric shock devices and leg irons and shackles. It is believed unofficial soundings at government level indicate most member states will be in favour of this.

The British government hopes this will pave the way for an eventual global ban on such equipment.

The EU would also be urged to crack down on illicit arms trafficking. This was discussed during the preceding Dutch

presidency, but London is determined that this should be carried through once it takes the chair. Over 50 per cent of the traffic in light weaponry is believed to be illicitly traded. The Foreign Office has agreed to fund a seminar on the subject in Southern Africa.

Britain, France, Germany, Italy, and Sweden are all significant arms exporters. Mr Lloyd will say the Government does not believe that the arms trade as a whole is immoral. Article 51 of the UN Charter makes it clear that countries have a right to act in self-defence". But he will add that the world has seen 18 million lives lost in wars and other civil conflicts since 1945, and that by 1988 some 200,000 children under the age of 16 were estimated to have participated in conflict.

Mr Lloyd will add: "The days when British ministers arrived at meetings in Brussels dressed in bullet-proof jackets are over. The Government sees Europe as an opportunity not a threat ... it has a particularly important role to play in the area of arms exports.

Taken together, these various elements [the arms control proposals] add to an ambitious agenda ... I am convinced the effort will be worth it".

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Tories stay
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7/POLITICS

Europhile
Tories stay
away from
treaty vote

Sir Edward Heath, the former prime minister, last night abstained from voting on a Government Bill to ratify the Amsterdam Treaty, in defiance of a three-line whip imposed on pro-European Tory MPs by William Hague. Colin Brown, Chief Political Correspondent, reports that a party for John Major helped to give him cover.

The "big three" – Sir Edward Heath, Michael Heseltine, and Kenneth Clarke, were all absent from the chamber yesterday at the start of the Commons debate on the bill to ratify the Amsterdam Treaty.

Mr Clarke was campaigning in the Winchester by-election. Sir Edward, who later abstained, had a pressing diary of engagements which avoided the former prime minister openly clashing with the leader of the Tory Party, William Hague, in the chamber over the opposition three-line whip to vote against the Treaty.

As the Bill began its second reading, Sir Edward was at his London home, contemplating his memoirs. At 6pm, he attended a pre-sociation to John Major by the 1922 Committee of a silver salver and two glass decanters to mark his period of office.

As the voting was due to take place, Sir Edward was attending the launch at the Spanish Embassy in London of a chamber ensemble from the European youth orchestra, which he helped to create.

Some of the Euro-sceptic leaders of the Tory backbench committee who went to praise Mr Major also played a prominent part in his downfall. One Tory source said: "Perhaps the presentation should have been a poisoned chalice."

Mr Hague was having more success driving the pro-European MPs into line than Mr Ma-

yor did with his Euro-sceptic "bastards". David Curry, who last week resigned from Mr Hague's shadow Cabinet as agriculture spokesman over Mr Hague's hardening of policy against entry to a single currency, caused Labour anguish when he announced he was voting with the Tories against the Bill.

He said the Government had returned from Amsterdam with a "poor treaty" – it fails its central task. It's not a wicked treaty. It just doesn't do the job. That's why with an absolutely clear conscience, I can vote against it tonight."

Quentin Davies, another pro-European Tory MP who was critical of the shadow Cabinet's decision to rule out entry to the single currency for 10 years, said he was voting against the Bill because it endorsed the social chapter.

Robin Cook, the Foreign Secretary, ridiculed the pro-European Tory MPs for sheltering behind this feature of the Bill, in order to avoid a split in their ranks. Mr Cook said the Government was signing up to the social chapter "with pride", because it extended to British people the rights enjoyed by the rest of Europe. "We are signing up to the social chapter out to be nice to the rest of Europe, but because we believe it to be in the interests of the British people."

But another staunch pro-European Tory, John Gummer, said if Labour wanted to prepare for entry to the single currency, it would have been better to keep Britain's opt out to preserve employment flexibility. Michael Howard, the shadow foreign secretary, said: "This treaty is a wrong turning for Britain. It is a wrong turning for Europe."

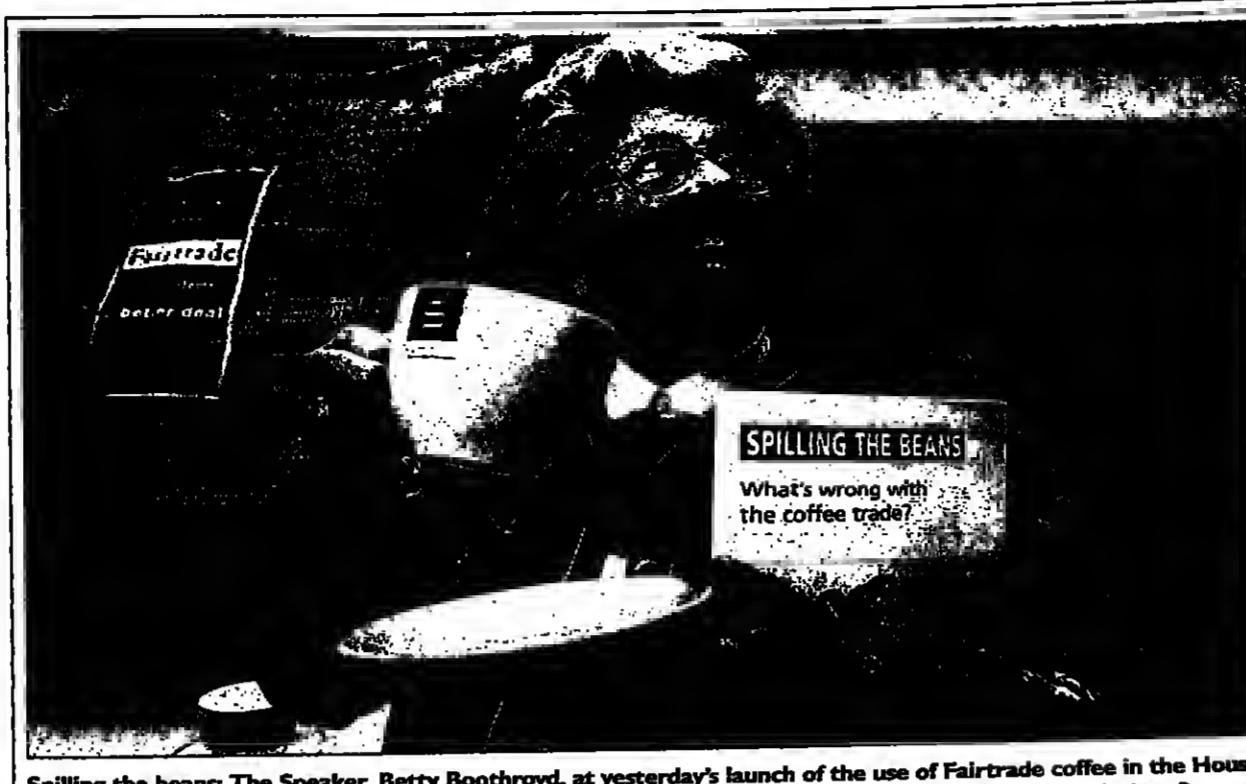
● The cross-party Commons select committee on the Treasury, chaired by pro-European Labour MP Giles Radice, announced last night it is to investigate the degree of readiness in Britain for entry to the single currency, and the Government's plans to encourage the preparations.

Zinfandel?

I think it's a mountain in the Alps?



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Spilling the beans: The Speaker, Betty Boothroyd, at yesterday's launch of the use of Fairtrade coffee in the House of Commons. By drinking it MPs will be supporting coffee farmers in the Third World. Photograph: Andrew Buurman

Blair warned not to push the Lords

Conservative peers were set on a collision course with the Government last night by Lord Cranborne, the Tory leader in the House of Lords, with a warning shot to warn Tony Blair against forcing legislation through the Lords by heavy whipping.

Lord Cranborne's warning was seen at Westminster as a clear threat that unless the Government slows down the progress of some of its Bills, the Tories could use their majority in the Lords to stall or block the passage of highly controversial measures, such as devolution for Scotland and Wales.

He has been careful in the past to acknowledge the tradition under which the elected Government of the day gets its business through, to avoid a constitutional crisis with the Lords.

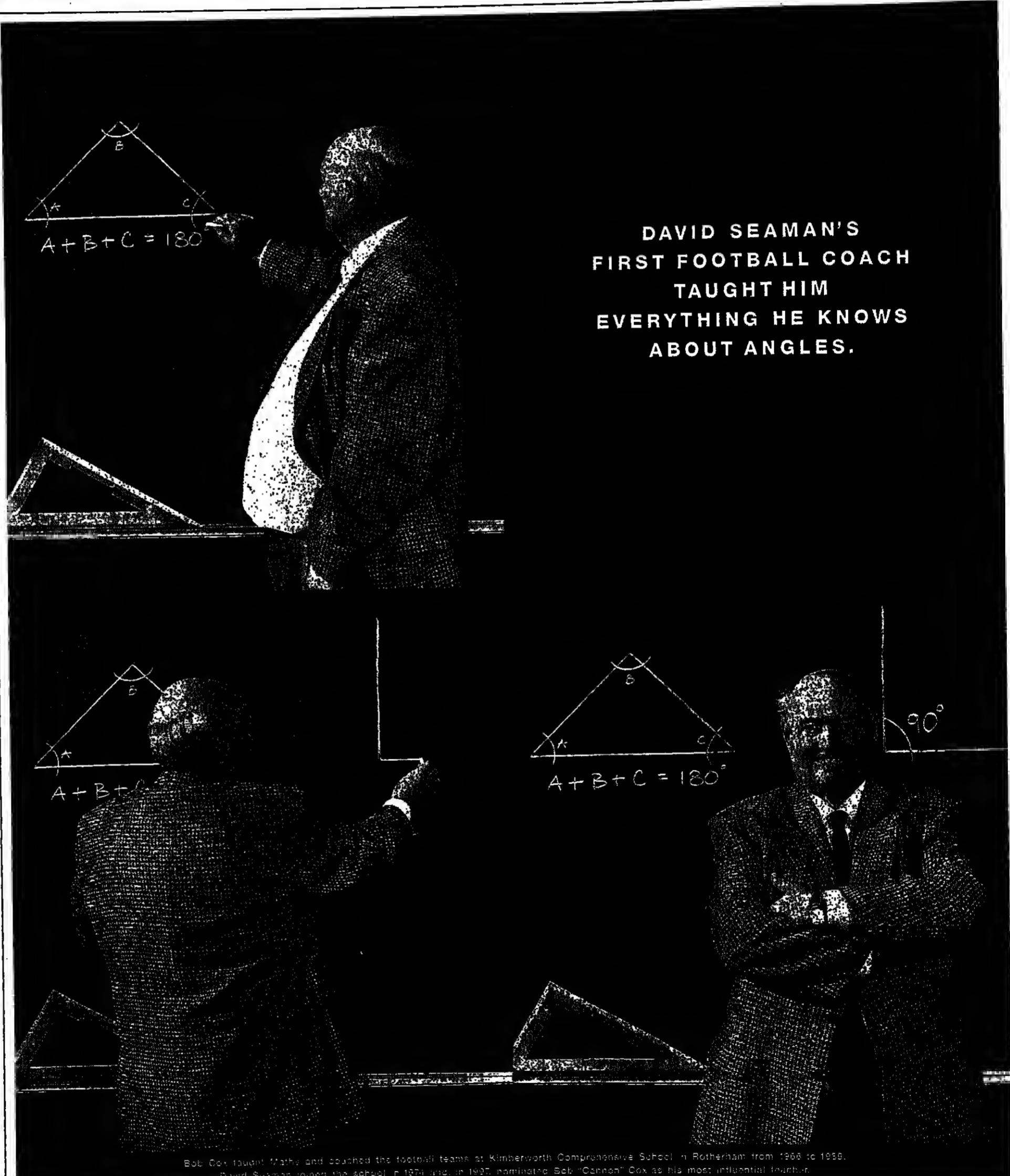
But Lord Cranborne last

night provided a let-out clause in qualifying that rule, and justify an assault in the Lords on the Government's central programme of legislation.

"The House of Lords – whoever is in government – is mindful always that it must help secure the Queen's Business. But equally – and this is a very important rider – it has a duty to scrutinise all Bills fully," he said.

"Only in that way are the public and business protected from bad law. I am flagging this issue publicly again today ... because we do not want an avoidable log-jam next summer and autumn. That might risk the merits of important measures – whether or not we agree with them – being mired up with debates over the future of the Lords as a revising chamber.

— Colin Brown



Bob Cox taught Maths and coached the football teams at Kimberworth Comprehensive School in Rotherham from 1966 to 1988. David Seaman joined the school in 1974 and, in 1997, nominated Bob "Coxon" Cox as his most influential teacher.

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Prisoners face early release as tagging scheme expands

Thousands of criminals are expected to be released from jail early and placed under house arrest as part of an extension of the use of electronic tags. Jason Bennett, Crime Correspondent, examines the Home Office's latest attempts to control the spiralling prison population.

at home with a electronic monitor. The change is expected to be included in the Crime and Disorder Bill and could become law by next summer.

An estimated 3,000 inmates could have their time inside cut, helping to ease the growing jail population, which has passed the record 63,000 mark in England and Wales. The early release of 3,000 offenders is expected to take effect immediately, although all inmates would be vetted to ensure that they did not pose a risk to the public.

About 3,000 criminals will be released from prison several months before completing their jail terms, under proposals to be announced next week.

The use of electronic tags, which are fitted to an offender's wrist or leg, is also to be extended to include other offences of persistent petty crimes and fine defaulters.

In addition, existing pilot schemes are to be widened.

The moves mark a remarkable shift in thinking by both Labour and probation chiefs, who both strongly opposed the use of electronic monitoring when it was introduced by the Tory government.

In what will be the most controversial move involving tagging the Home Office is expected to announce plans next week to change the law to allow criminals who have committed non-violent offences to serve up to three months of their sentence

"It is now clear that sentencees do see electronic monitoring as a viable alternative to custody in many cases," Mr Straw told the National Probation Convention in London.

The Home Secretary also indicated that he wants to alter phrases such as "probation" and "community sentence" because he believes the public incorrectly associates them with a soft regime.

John Greenway, the Conservative home affairs spokesman, welcome what he called Mr Straw's "conversion" to a former Conservative policy.

But he expressed concern about the early release of the 3,000 prisoners. Mr Greenway, the MP for Ryedale, said: "While he may say that no one who is a threat to the public will be released, he cannot have total control over what happens. He should not be motivated by simply solving the over-crowding problem and saving money."

Geoff Dobson, vice-chairman of the Association of Chief Officers of Probation, said that his organisation had been won over by the improvements in the technology of the tags.

But Harry Fletcher, assistant general secretary of the National Association of Probation Officers, argued: "I remain unconvinced that tagging so far has either reduced crime or lowered the prison population."



Acquired reading: Some inmates could serve part of their sentence at home electronically monitored. Photograph: David Rose

Lord Chief Justice calls for fewer jail sentences

The Lord Chief Justice warned magistrates and judges not to bow to media and political pressure to hand out more and more prison sentences.

Michael Streeter, Legal Affairs Correspondent, explains that his speech is part of an attempt to reduce the number of people in jail.

trates in the same year was 20,200, nearly double the 11,800 of 1992.

Lord Bingham said that faced with hard choices, judges and magistrates had been persuaded by the twin cocktail of media and political pressure to opt for custodial rather than other sentences.

"In contrast with a decade ago, when the efficacy of community penalties was widely canvassed, the emphasis has been on custody as the effective disposal in cases other than minor crime," he said.

Judges and magistrates have been the subject of criticism – none the less influential because indirect – for imposing what are widely portrayed as excessively lenient sentences.

He went on: "The clear inference must be that in the classes of case in which a difficult choice has to be made between custody and a community penalty, magistrates in particular, but also judges, have increasingly been choosing the custodial option."

Lord Bingham said the growth towards penal sentences caused three main concerns: the injustice of unnecessary prison terms; their ineffectiveness in some cases; and their cost.

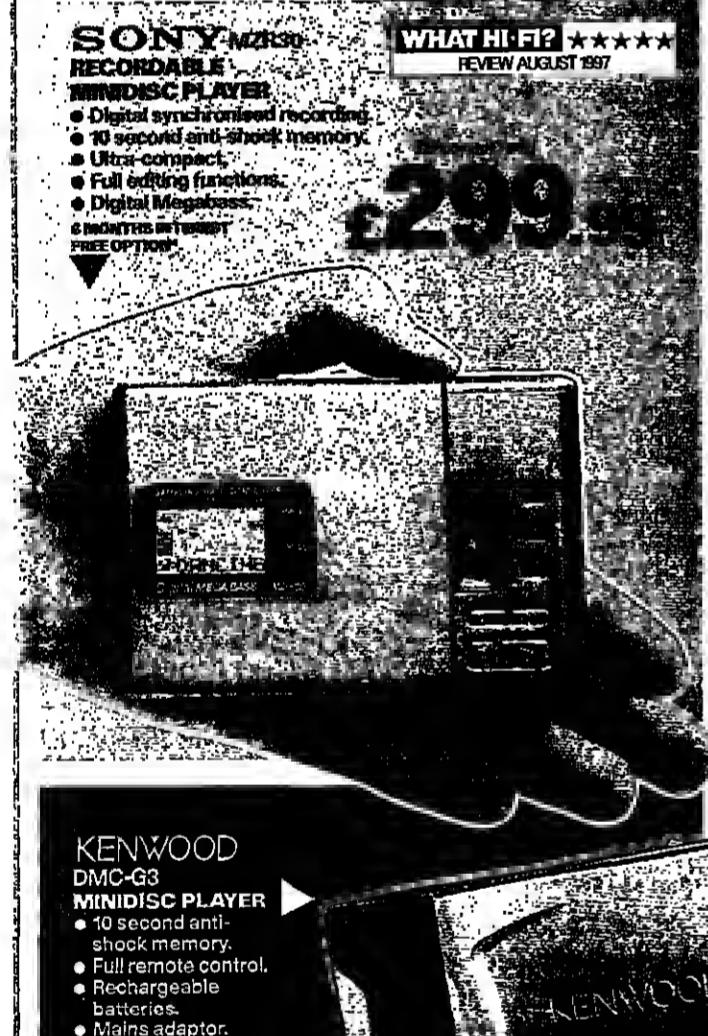
"The cost of imprisoning defendants is enormous, and growing," he said. "It may well be money well spent if it promotes the objective of reducing criminal activity to the irreducible minimum. But it is money very badly spent if it does not contribute to that objective."

The Magistrates Association said it broadly agreed with Lord Bingham's comments, and had helped to start pilot projects in Teesside and Shropshire. "We are optimistic that these projects will be successful in that they offer a range and mix of sentences."

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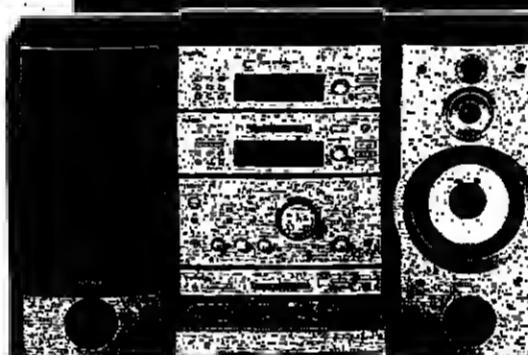
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Out with the old: After 75 years, is the writing on the wall for the 'old' BBC?

Photomontage: Julian Saul

Justice
over jail

Murdoch vows to keep up cut-price newspaper war

Rupert Murdoch yesterday vowed there would be no let up in the newspaper price war which he started four years ago.

Cathy Newman heard the media baron tell opponents of his price-cutting policy to 'go to hell'.

new contracts for sports rights and launching digital television would dent profits.

"We'll do very well if we have a flat year this year," he said.

Shareholders at the AGM had listened to David Chance, deputy managing director, extolling the benefits of pay-per-view television, where viewers

comes to pay-per-view on a more regular basis, it is much more difficult."

The head of News Corp confirmed recent reports that his son, Lachlan, was set to succeed him. *Sky High*, a new book by Mathew Horwitz, a media analyst and former *Independent* journalist, features an interview with Mr Murdoch where he says his children have reached a "consensus" that Lachlan will take over.

Yesterday, Mr Murdoch said: "The children selected him [Lachlan]. It was their vote." However, he signalled he had no intention of giving up just yet. "I'll stay alive for a while yet," he said, joking that the succession issue would be resolved "a month or two after I die".

BSkyB said profit before tax for the three months to the end of September was £4.7m lower than the year before at £61.6m after an increase in costs - such as the new exclusive contract with the Premier League for live football rights - and higher investments in other operations, such as the interactive broadcaster, British Interactive Broadcasting.

Sam Chisholm, chief executive and managing director of BSkyB, stepped down yesterday, six weeks earlier than expected. He suffers from severe asthma, and has been replaced by Mark Booth, a 41-year-old American with substantial experience in the pay-TV market.



Murdoch: 'People don't like competition in this country'

pay to watch specific films and sporting events.

But Mr Murdoch poured cold water on BSkyB's hopes of screening pay-per-view football, films, musical and sporting events. "Pay-per-view throughout the world has only worked in a big way for huge boxing matches," he said. "When it

Mr Murdoch hit out at his critics at the annual general meeting of the satellite broadcasting company, BSkyB, saying there was "no way" he would call a truce in the newspaper price war. "No one else wants to call a truce, they insult me every day, so they can go to hell," he said.

The Times, which is controlled by Mr Murdoch's News Corp, sells at 10p on Mondays, a 25p discount.

Mr Murdoch was unconcerned about suggestions that the Government should introduce anti-trust laws like those in the US, which would stop companies such as News Corp selling papers and other goods at cut-price. "People don't seem to like competition much in this country," he said.

The media tycoon painted a fairly bleak picture of prospects for BSkyB, in which he holds a large stake, saying the costs of

After Perfect Day, Perfect Night

After showing us how to have a 'Perfect Day' with its radio network, the BBC is planning to tell us how to have a perfect nightife with its dance music DJs. Paul McCann, Media Correspondent, explains how you will need more than sangria in the park to stay up with Judge Jules.

The BBC is following up the success of the *Perfect Day* promotional video for its radio network with a new 10-minute film that will show off Radio 1's expertise in dance music.

The film is being made by Radio 1's hot-shot advertising agency St Luke's. Another agency, Leagas Delaney, created the *Perfect Day* film with Lou Reed's classic song and a collection of stars.

Like *Perfect Day* the new film will champion the way the corporation is funded by a licence

fee which allows it to be experimental.

The film is being shot now and will be shown in an edited form on the BBC in December. A longer version will also be shown in cinemas.

Internally at the BBC it is known to have boosted the standing of Jane Frost, the BBC's corporate marketing director, who devised the strategy to make promotional films for the licence fee. Other films in the series have included Vic Reeves and Bob Mortimer acting out fictitious experimental comedies such as "Poldark on Mopeds" that could only be funded by a licence fee.

The *Perfect Day* film attracted complaints from commercial radio stations which believe the BBC has an unfair advantage in being able to air free adverts for its radio stations on television. Yesterday Paul Brown, chief executive of the Commercial Radio Companies' Association told *Marketing* about the new film to the Department of Culture, Media and Sport. "It is clearly an advertising campaign," he said.

Despite the fuss, *Perfect Day* has been a critical and popular success and the song is being released as a single to aid the BBC's Children in Need charity.

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Like *Perfect Day* the new film will champion the way the corporation is funded by a licence

Auntie should be killed off, says Channel 5 chief

In a remarkably forthright attack, Channel 5's chief executive last night accused the Government of colluding with the BBC against the interests of viewers. Rob Brown, Media Editor, believes David Elstein's arguments for the abolition of the license fee can only gather force.

A champagne reception was held in the famous picture gallery of Royal Holloway College in Surrey last night after David Elstein had delivered the annual Reed lecture on *The Politics of Broadcasting in the New Millennium*. But no one was toasting the 75th anniversary of the BBC. For the central thesis of Mr Elstein's address was that the corporation in its present form should not survive, far less be celebrated.

It was not the first time he has expanded this argument. David Elstein started calling for the abolition of the TV license and for the conversion of the BBC into a subscription pay-TV system in his previous role as head of programmes at BSkyB. But he has never stated his case as strongly as he did last night in one of the oldest colleges of the University of London.

Channel 5's chief executive not only ripped into the paternalistic and imperialistic Reithian tradition at the BBC, but accused the Government of seeking to pre-

serve a licensed state broadcaster because such an institution is easier to bully.

"New Labour is not about to abandon decades of inherited thinking, nor the levels of political control," said Mr Elstein. "The Labour Party may call itself New Labour, but its instincts on broadcasting remain as unconvincing as ever. The Labour Party has yet to realize that, in the modern age, the consent of the consumer must come first. It is time for us to let go

of nanny, and for nanny to let go of us." Mr Elstein described the licence fee as "the last of the regressive taxes which hit the poor much harder than the rich" and forecast that it would become increasingly indefensible as the BBC's share of audience steadily fell in a multi-channel era.

Noting that the BBC's total share of viewing in multi-channel homes was less than 30%, he said: "It is unimaginable that any other public service, ignored by its customers for three-quarters of the time in favour of private competitors, could continue to justify being funded by a compulsory tax on all households generating more than £2bn a year."

Mr Elstein's argument will cut little ice with Chris Smith, the Culture Secretary, who supports the license fee as the bedrock of the BBC and a cornerstone of British culture. But Mr Smith will not be in charge of that ministry for ever.

This danger is recognised by David Docherty, the BBC's deputy director of television, who put the case for keeping the license fee at Policy Studies Institute seminar on Monday. Mr Docherty acknowledged that the BBC would probably flourish on a subscription basis, but it could not remain the world-renowned public service broadcaster it has been up to now.

"If we contrive to disinvest the BBC, no other generation will be able to create the circumstances to re-invent it," he said. "And, if it does not survive, if we allow some clever bastards to argue us out of it, we should take the shame to our graves."



David Elstein: 'The consent of the consumer must come first'

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US oilmen shot dead in Pakistan

Four American oil executives were shot dead in central Karachi yesterday morning, only days before the arrival in Pakistan of Madeleine Albright, the American Secretary of State.

The car in which they were travelling was overtaken on a bridge and forced to a halt. Gunmen opened fire and continued firing until all five occupants of the car, including the driver, were dead.

No group has claimed responsibility for the attack, though there is speculation that the killings may have been in retaliation for the conviction the previous day in Washington DC of a 33-year-old Pakistani immigrant, Aimal Kansi, for the murder of two CIA employees in January 1993.

Following the killings of the two men, Kansi, the sole suspect, fled the country and eluded capture for four years. He was eventually tracked down to a hotel in a remote part of the country in June. FBI agents were involved in his capture and he was then extradited to the United States without formal proceedings.

America is highly unpopular in Pakistan and is blamed for many of the country's ills. Aimal Kansi is seen as something of a hero – and if he gets the death penalty he will become a national martyr.

There may be a different explanation for the killings. Karachi is a violent city. Rival ethnic groups stage frequent shoot-outs, and more than 400 people have died in the city this year. One theory has it that the oil men's murderers are frustrated extortionists.

— Peter Popham, New Delhi



Freedom: Silvia Melis, 28, reunited with her four-year-old son, Luca, in her home town of Nvoro in Sardinia, after escaping on Tuesday from nine months' captivity. Her father had been prevented by Italian law from paying £750,000 ransom demanded by her kidnappers

Photograph: AFP

Kenya sets early date for elections

Kenyans will vote for president and parliament on 29 December the electoral commission said yesterday, despite protests that President Daniel arap Moi, who is seeking a fifth term, was rushing the election. "The mood is of anger ... It may lead to violence," said Gibson Kamau Kuria, a civil rights advocate. Since April, police have repeatedly attacked pro-democracy demonstrators, killing more than a dozen. — AP, Nairobi

Bootleg boom

One-third of all spirits consumed in Sweden comes from bootleggers, according to a report from a joint state and private sector committee. Consumption of illegal liquor at record levels is blamed on high taxes and government monopoly on alcohol sales.

— Reuters, Stockholm

Bosnia war crimes

Revelations of alleged atrocities committed by Bosnian Muslim soldiers against civilians have emerged for the first time since the country's war ended two years ago. A Sarajevo magazine, *Dani*, reported that the warlord, Musan Topalovic – known as Caco – and men in his army unit abducted Serb civilians, brutally murdered them and dumped the bodies in a crevice in the hills around Sarajevo. — Reuters, Sarajevo

Bibi flies in as his party falls into chaos

The Israeli Prime Minister, Benjamin Netanyahu, arrives in London today, leaving his right-wing Likud in disarray. Friends and foes openly accused him of duplicity.

The communications minister, Limor Livnat, told delegates at a tumultuous party conference on Tuesday night: "The Likud is committing suicide."

Most damagingly for Mr Netanyahu, his national infrastructure minister, Ariel Sharon, disclosed that when the Prime Minister asked for his help in quelling a grassroots revolt, he replied: "I don't know whether to help your right hand or your left hand."

Israeli commentators speculated yesterday that the dis-enchantment shared by almost all his senior Likud colleagues might split the party.

The immediate quarrel, as one television pundit put it, was not over principle or policy, but "who owns the shop". The issue in dispute was how the Likud selects its parliamentary candidates. After two days of anguished debate, the 3,000 conference delegates voted to abolish the American-style primaries under which candidates were chosen in 1996.

The change was opposed by all the Likud ministers and most of its serving MPs. They feared that reverting to selection by the party conference would concentrate too much power in Mr Netanyahu's hands. Most delegates, working-class branch bosses, owe their place to the Prime Minister. A nod and a wink would be enough for them to throw out

anyone who did not toe the line.

Two weeks ago, Mr Netanyahu promised his rebellious ministers to postpone a decision, although he was widely believed to have orchestrated the demand to abolish primaries. At the conference on Monday, he was shouted down when he begged delegates to wait. On Tuesday, his lieutenants discreetly encouraged them to go ahead.

Ministers felt they had been deceived. One told the heavyweight *Ha'aretz*: "We have to start thinking about how to revive the Likud we once knew. This isn't a party. What happened here is more like the mafia."

Before leaving for London, Mr Netanyahu held out a hand of "peace and reconciliation". Addressing parliament on the second anniversary of Yitzhak Rabin's assassination, he said: "No political difference justifies violence."

The far right is awash with conspiracy theories suggesting that the Labour leader was the victim of his own Shin Bet security service. Some light will be shed in this murky corner today, when the government publishes a report on the activities of Avi Shai Ravid, a right-wing extremist who doubled as a Shin Bet informer. According to media leaks, Mr Ravid heard the murderer, Yigal Amir, discussing the need to kill the Prime Minister, but neglected to tell his handlers. The security men distrusted him, but kept him on because he was still their best source on the radical right.

— Eric Silver, Jerusalem

North Korea's enemy within

The highest-ranking North Korean defector predicted yesterday that Pyongyang's communist regime will be toppled in "several years" by its most trusted institution: the military.

The 1.1 million-strong North Korean armed forces – the world's fifth largest – form the backbone of the North's Stalinist rule in the midst of a deepening economic crisis. It is relying on international aid to feed its 22 million people.

"It is inevitable that the military will rise up," Hwang Jang Yop, 74, said in a speech to a presidential advisory group.

The former member of North Korea's policy-making body, the Central Committee of the ruling Workers Party, who defected to Seoul in April, the highest-ranking North Korean to do so, based his prediction on the crumbling of the North's vast military supply industries and sagging military morale.

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Land of the free? A member of the Scientology sect dressed as the Statue of Liberty, in a recent demonstration by 2,000 people in Berlin. The placard behind her reads: 'Religious tolerance now'. The Church of Scientology is not recognised as a religion by the German government. Several European countries have refused to grant Scientology 'church' status, but Germany has gone further than most in trying to stifle its activities. Photograph: Reuters



Media blitz launched in Germany's religious war

Germany has become alarmed at the success of the Church of Scientology's propaganda campaign in the US. Angered by the Nazi slur, Bonn is about to launch a media blitz of its own, reports Imre Karacs.

The gloves are off. The German government is preparing an "information offensive" in the US against its greatest adversary, the Church of Scientology. The full battle plans are currently being drawn up in the foreign ministry in Bonn, and the first missiles will strike at the heart of America in the "very near future".

The embassy in Washington, which has kept aloof from the skirmishes of the past year, has been ordered to join the fray. Complaining of a "huge lack of awareness" among US politicians, Klaus Kinkel, the foreign minister, has instructed his ambassador to start spinning US decision-makers and opinion-formers.

"Through our embassy and through the media, we shall try to spread information through America so that these false assertions do not surface in the future," Mr Kinkel told yesterday's *Stuttgarter Nachrichten* newspaper.

Mr Kinkel was shocked to discover during a tour of the US last week that many American politicians had accepted uncritically the Scientologists' assertion of "religious persecution in Germany". Germany's image reached its nadir on Sunday, when the US Congress took a vote on a motion condemning Bonn's treatment of "minority religions".

The Church of Scientology is not recognised as a religion by the German government, and is therefore not entitled to tax-free status. With the support of all main political parties, the government in Bonn has placed the sect under observation, in order to assess whether it seeks to subvert the country's democratic constitution.

Several other European countries have refused to extend Scientologists the full "church" status, but Germany has gone further than most in trying to stifle the sect's activities. In several *Wieder* moves are afoot to ban Scientologists from public service. In a series of pamphlets explaining its case, Bonn has accused the Scientologists of being nothing more than a profit-driven commercial organisation, whose members are sucked in gradually and then prevented from leaving. The "church" claims 30,000 members in Germany.

Sunday's vote in Congress was defeated, but not by the margin Germany and the US administration had hoped for. The 101 votes in support were immediately seized on by the press as a victory.

"I find it a very impressive number," said Helmut Blaibach, President of the Church of Scientology in Germany. "It shows a lot of people are very concerned about what is happening to religious minorities in Germany."

Friends of Germany in the US establishment were exasperated. "I think it is important that we do not have Tom Cruise and John Travolta setting foreign policy in this country, and I think that is the driving factor behind this legislation," commented Doug Bereuter, a

Republican Congressman.

Cruise and Travolta, both prominent Scientologists, have been spearheading the campaign against Germany. They were among 34 Hollywood personalities who signed an "open letter" addressed to Chancellor Helmut Kohl earlier this year.

Their statement, published as a full-page advert in the *International Herald Tribune*, drew on perceived parallels between the Nazi persecution of Jews and the current treatment of Scientologists. "Like the book-burning of the 1930s – your press has organised boycotts and seeks to ban performances of Tom Cruise, John Travolta, Chick Corea and any other artist who believe in Scientology," they wrote.

"Extremists of your party should not be permitted to believe that the rest of the world will look the other way. Not this time."

True to their promise, the rest of the world – meaning the US – has been bombarded with this kind of enlightenment ever since. The sect is promising to bring the motion back to Congress later this year, and meanwhile has other stunts up its sleeve.

The best so far is the report fed to the *New York Times* last week, that Florida authorities had granted a German Scien-



Sect symbols: Tom Cruise, top, and John Travolta

tologist "political asylum". That would have been a massive propaganda coup for the sect, but so far both the US and German authorities have been unable to confirm the story. Its source: the Church of Scientology.

But some claims do contain an element of truth. The "boycott" of Tom Cruise, for instance, consisted of no more than a group of young Christian Democrats distributing leaflets outside cinemas showing his film, *Mission Impossible*. But Chick Corea was indeed prevented from performing at a publicly-funded concert in Bavaria because he was a Scientologist.

The Germans argue that, precisely because of their history, they are duty-bound to defend democracy with greater vigilance than might be acceptable in the Land of the Free. The mere suspicion that Scientologists might be trying to subvert public life is justification enough for the government to keep a close watch on the sect.

This is the message that Bonn will now hope to convey, presumably with a little more efficiency and finesse than in the past.

SOMETIMES
IT'S EASIER
TO TALK
TO SOMEONE
YOU
DON'T LIKE.

PHOTOGRAPH BY RICHARD STONE



When you have a problem, it's the most natural thing in the world to want to talk it through with someone.

Sometimes, though, this creates another problem: who's the best person to confide in?

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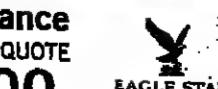
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Kurdish fighters loyal to Massoud Barzani at a hillside strongpoint. Rival factions are fighting for control of the Hamilton road (map, above right). *Photograph: Reuters*



As Kurds fight over a road, Saddam tightens his grip

Two Kurdish warlords are fighting a savage battle for the control of the strategic Hamilton road, which runs through the heart of Kurdistan. At least 600 Kurds have died in the fighting. But the war is allowing Saddam Hussein to regain his power in Kurdistan.

To control the road is to control the heart of Kurdistan. It starts in Arbil, the Kurdish capital, and runs through the Kurdish mountains, twisting and turning along the side of precipices and through river gorges, to the Iranian border.

Called the Hamilton road after AM Hamilton, the New Zealand engineer who built it in the 1920s, it is the strategic key to the Kurdish mountains. In a land without roads, it is the road. For 70 years, Kurdish

warlords and foreign armies have fought to control it, until every foot of its weathered track is bathed in blood.

In the last month, the Hamilton road has seen attack and counter-attack by the Kurdish Democratic Party (KDP), led by Massoud Barzani, which controls western Kurdistan, and the Patriotic Union of Kurdistan (PUK), led by Jalal al-Talabani, which controls the east.

The PUK has fired Iranian-supplied Grad missiles at Mr Barzani's headquarters at Sari Rash. He countered by using Turkish artillery fire and airstrikes to drive Mr Talabani's men off the heights they captured overlooking the road.

In this fierce civil war, which is dooming Kurdish hopes for self-determination, at least 600 Kurds have died. Saddam Hussein, the Iraqi leader, able to play each side against the other, is again becoming again the predominant power in Kurdistan from which he withdrew in 1991.

It is also a largely secret war, so far as the outside world is concerned. Almost the only point on which Iraq, Turkey and Iran – the neighbours of Iraqi Kurdistan – are agreed, is that reporters must be kept from the battle zone. All three countries want to fight their proxy war in the region without publicity.

The fighting in the last month ended a ceasefire, brokered by the United States, Britain and Turkey, which had lasted a year. Then Mr Talabani did a deal with Baghdad. He agreed to close down the headquarters of the Iraqi National Congress (INC), the umbrella group uniting the Iraqi opposition, in Sulaimaniyah, his capital. In return, President Saddam promised not to intervene if the PUK attacked the Hamilton road (though the Iraqi leader would not let them attack Arbil, which his tanks had captured for Mr Barzani last year).

The PUK offensive began on 12 October. Mr Talabani's men attacked Shaglawi and Mr Barzani's headquarters. In the Harir mountains they captured heights overlooking the road, which is the supply route for the KDP's frontline. At the northern end, they took Haj Omran, the border crossing with Iran, where they were aided by Turkish Kurd guerrillas of the Kurdistan Workers Party (PKK). Haj Omran is important because the Hamilton road is just a military supply line. It is

a main route for truck traffic into and out of Iran *en route* to Baghdad and Turkey. The KDP draws as much as a 20-25 per cent of its revenues from this trade which the PUK wants to take over.

"Jalal [al-Talabani] always miscalculates," says one Kurdish observer. "He told his people the Americans had turned against Massoud and Saddam would do nothing. He had support from the Iranians. His misjudgment was that he did not think the Turks would intervene strongly."

It was an expensive mistake. The Turks sent in 10,000 men, though these took no part in the ground fighting, and deployed its heavy artillery and airforce. The Harir and Safeen mountains, where the PUK was advancing, are bare of cover. Turkish artillery was effective and Mr Talabani's men suffered heavy casualties.

The only part of the Hamilton road the PUK and their Turkish Kurd allies still hold is at Haj Omran on the Iranian border. The reason is probably that the Turks do not want to provoke the Iranians by launching airstrikes so close to their border. Mr Barzani has mobilised 10,000 Pesh Merga (Kurdish soldiers), but he will not want to humiliate the Iranians by pushing further into Mr Talabani's territory.

For the moment, the fighting is over. The Hamilton road remains mostly under the control of Mr Barzani. Turkey has again shown its willingness to intervene in Kurdistan. The US and Britain have shown they are increasingly marginal players in the region. bizarrely, the PUK gets \$500,000 (£300,000) a month from the CIA, its other two key supporters being Iran and the Turkish Kurd guerrillas.

The biggest winner is Saddam Hussein. Last year he saved Massoud Barzani and the KDP from defeat by Mr Talabani by sending his tanks into Arbil. This year, Mr Talabani has himself established links with Baghdad.

The continuation of the Kurdish civil war suits Iraq, Iran and Turkey. It makes it easy to manipulate the KDP and PUK, and it discredits the Kurdish claim to self-determination. With neither side able to emerge the outright winner, the struggle for the Hamilton road will go on.

UN steps up the pressure

The United Nations Security Council yesterday evening unanimously passed a resolution condemning Iraq and impose an international travel ban on Iraqi officials. The move holds open the possibility of further, unspecified measures if Iraq continues to obstruct UN weapons inspectors.

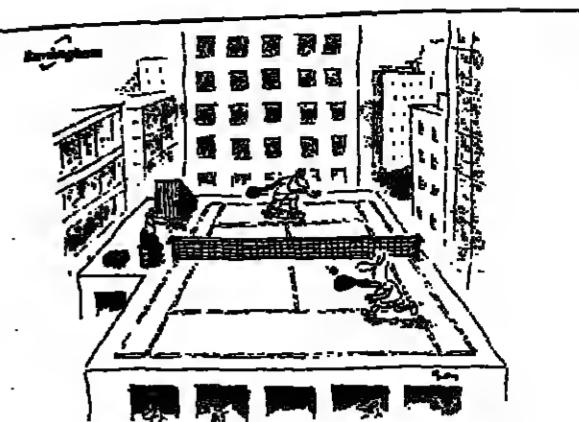
France and Russia stressed that the resolution contained no proviso for the use of force, while the United States insisted that military force needed no new

Security Council decision and could not be ruled out.

Iraq, however, was still showing no inclination to allow weapons inspections to resume or to lift its ban on US members of inspection teams, turning American inspectors away from suspect sites for the ninth time in 10 days.

The Iraqi foreign minister, Mohammad Saad al-Sabah, accused the US of "deliberately trying to push the region into a crisis".

Mary Dejevsky
Washington



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Branson tells Brussels BA is using bullying tactics

British Airways is employing the tactics of drug barons to illegally stifle competition, Richard Branson told an EU hearing yesterday. Katherine Butler in Brussels said the Virgin boss is seeking a European ruling which he claims will give passengers cheaper fares and better service.

British Airways uses bullying tactics to ensure that big corporate customers do not switch to smaller rival airlines such as Virgin Atlantic. Richard Branson alleged yesterday. According to the Branson legal team, BA's discounting strategy was a "classic case" of a company abusing its dominant position on the market, in clear breach of European Union competition rules. Yesterday a panel of European Commission and EU member state competition experts listened to the evidence from both

sides in an effort to decide whether British Airways was guilty of abusing its dominant position to retain custom on the most lucrative routes. If they uphold the complaint by Virgin's boss, the EC could impose a fine of up to 10 per cent of BA's worldwide turnover. A preliminary assessment by the commission concluded that the discounts system operated by BA appeared to flout the relevant article of the EU treaty. "We hope and believe [the commission] will levy the maximum fine which in this case

could be tens of millions of pounds," Mr Branson said after the hearing.

Comparing BA senior management to a cartel of drug lords, Mr Branson said their main tactic was to "terrify" travel agents by giving them "a fix" of discounted flights one year which could only be repeated the following year if the agent managed to increase the percentage of business tied up with BA. This led to travel agents "lying" to customers.

He said BA also used "invidious" devices such as offering corporate customers

discounts on routes which Virgin did not fly in exchange for promises that they will commit all their other business to BA even on routes where Virgin is cheaper. He said discounting *per se* was not the issue but rather the fact that British Airways enjoyed a monopoly on slots at Heathrow airport.

Mr Branson said that the only reason why businesses flew with BA on certain routes "is because they are forced to by their employers", citing Citibank, British Telecom and Bankers Trust among the com-

panies Virgin had lost thanks to exclusive deals with BA. Virgin, he said, had been "almost driven out of business" four years ago by BA's "dirty tricks" campaign.

BA claims that discounting is standard practice in the air-transport business. But Mr Branson called on the commission to create a level playing field. The result he said would be a fairer deal for smaller airlines such as British Midland, Easyjet and more competition on hundreds of routes. An EU ruling is expected early next year.

Train drivers turn into a rare breed

Train drivers are joining the ranks of computer programmers, accountants and lawyers as companies compete for their services. Rail operators are being forced to cast around for experienced crew with advertisements aimed at luring them away from competitors.

With salaries at about £20,000 they have a long way to go before matching the professions, but industry observers believe a chronic shortage of drivers will inevitably mean bigger pay packets.

Ironically, just months ago train companies were sacking drivers in order to cut costs. But they now realise they may have gone too far, Virgin and Great North Eastern Railway are among seven companies to have taken out adverts in the latest issue of *Locomotive Journal*, the train drivers' union journal in an attempt to attract recruits.

Recent negotiations involving Aslef, the drivers' union, have meant that the old basic wage system with a byzantine structure of bonuses and allowances, has been abandoned in favour of salaries which give drivers the kind of benefits enjoyed by white collar workers.

While bitterly opposing

privatisation, drivers' leaders argued that the break-up of the system would enable the union to target companies one by one in order to raise wages. The scramble to hire drivers could mean that the market place will do the job for them.

Part of the problem is that privatisation eroded the network's infrastructure for training drivers and Aslef believes that companies have tried to get away with a minimum number of employees to try to save money. Lew Adams, the union's general secretary, said that in the companies' rush to shed labour they had not accounted for drivers' holidays, sick leave or absence for training.

The operators point out that they are faced with a growing number of passengers and that the old State-owned British Rail had recruited relatively few drivers in the decade before the industry was sold off. Since privatisation, many of the older drivers nearing retirement have opted to leave the industry, thus exacerbating the shortage.

South West Trains and Regional Railways North East were recently penalised by the franchising director after services were cut because of a lack of staff. —Barrie Clement



Guessing game: Angry at rail companies giving inaccurate information about services and tickets, the regulator wants to set enforceable standards

Photograph: Philip Meech

Rail regulator wants power to enforce higher standards

The train information system is 'simply not good enough', says the rail regulator. Barrie Clement finds the industry may have to revert to letting people ring local stations for information.

Train operators could face tough new standards after it was found that on average one in ten passengers were given the wrong travel information.

Some two in ten inquirers are misled when tickets are bought in advance and when passengers ask about Sunday travel the proportion rises to one-third.

Two in ten disabled passengers are not given the correct facts to meet their special needs.

John Swift, the rail regulator, said the performance of the operators was "simply not good enough" and he is to seek enforceable standards for ticket sales and information.

Having set targets to be answered by the National Rail Enquiry Service, Mr Swift said he was now anxious to ensure that customers were not misled. He denied any suggestion that there were insurmountable complexities: "After all, this is not rocket science," he said. It should be possible to provide accurate, up-to-date information about scheduled services.

Mr Swift indicated that he would call on companies to consider providing public lines to individual stations so passengers could get accurate local information not available nationally.

The survey on which Mr Swift based his comments was carried out by a team of "mystery shoppers" in January and March this year. He insisted they did not use "trick questions" and concentrated on the genuine needs of passengers.

Some 3,703 inquiries were made at staffed stations and 894 at telephone information bureaux. "The results of this survey will now be used to set standards of performance which operators will have to meet if they are to avoid enforcement action."

Unsurprisingly, rail staff achieved the highest success rate on straightforward transactions

for immediate travel where there were no alternative route or fare options. Here, 96 per cent of questions were answered accurately. The worst performance was registered for advance purchases involving travel on Sunday with Apex or March this year. He insisted they did not use "trick questions" and concentrated on the genuine needs of passengers.

Better news for the industry came when the regulator announced that the national inquiry service had met its 90 per cent target for answering queries. The companies were fined £250,000 for failing to reach the target from 17 August to 14 September and a further £100,000 for underachieving from 15 September to 12 October. A proportion of 92 per cent was achieved between 13 October and 9 November.

Ivor Warburton, of the Association of Train Operating Companies, insisted that sales staff would do a better job next time they were tested and acknowledged there was a need to invest more in information technology. He pointed out that the regulator had commented that rail staff did a good job.

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Labour blocks free left turns at red traffic lights

The Government yesterday gave a thumbs down to uncontrolled turns to the left at traffic lights. Transport minister Glenda Jackson told MPs in the Commons that ministers were not in favour of a proposed adaptation to the system in the United States — where they drive on the right — turning right on red at traffic signals being introduced in Britain.

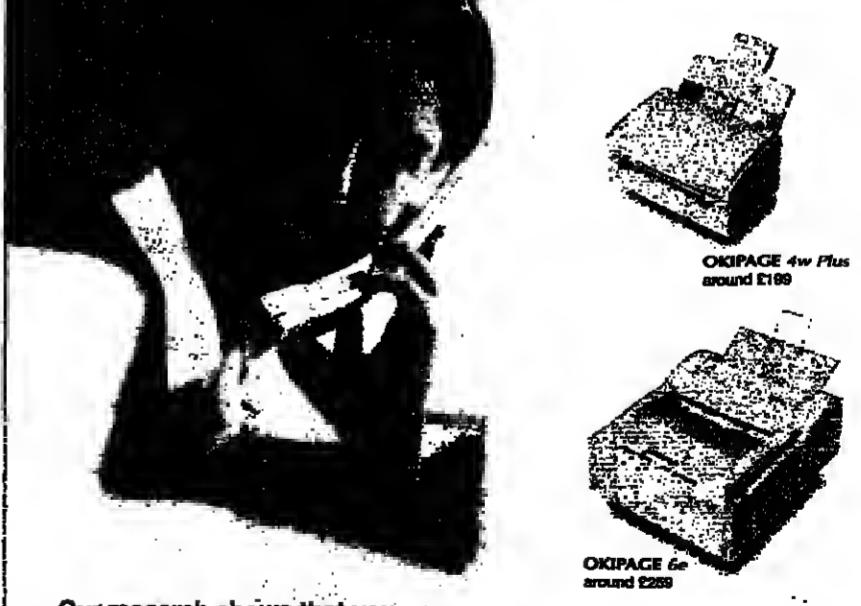
Although the department was looking at the possibility of guiding road traffic with amber arrows, she said that allowing traffic to turn left on a red traffic light signal would compromise safety.

Ms Jackson's remarks came after Tory MP Sir Michael Spicer (Worcestershire West) asked the Government to consider introducing the system at certain road junctions. He said the system had "greatly increased traffic flows" in the US.

"Traffic conditions in this country ... have reached near crisis proportions. There are times when it comes to a complete standstill," he said, adding that a recent study had shown that it took a cyclist 18 minutes to make a 1.7-mile journey through London while a motorist took 38 minutes.

Ms Jackson said signalling systems would become more "complex", holding out the possibility of introducing amber filter lights to give drivers more warning of when they were allowed to turn at a junction. But she said that, unlike the US, Britain's traffic lights responded to the approach of vehicles, which "reduces unnecessary delays and the need to introduce uncontrolled turns".

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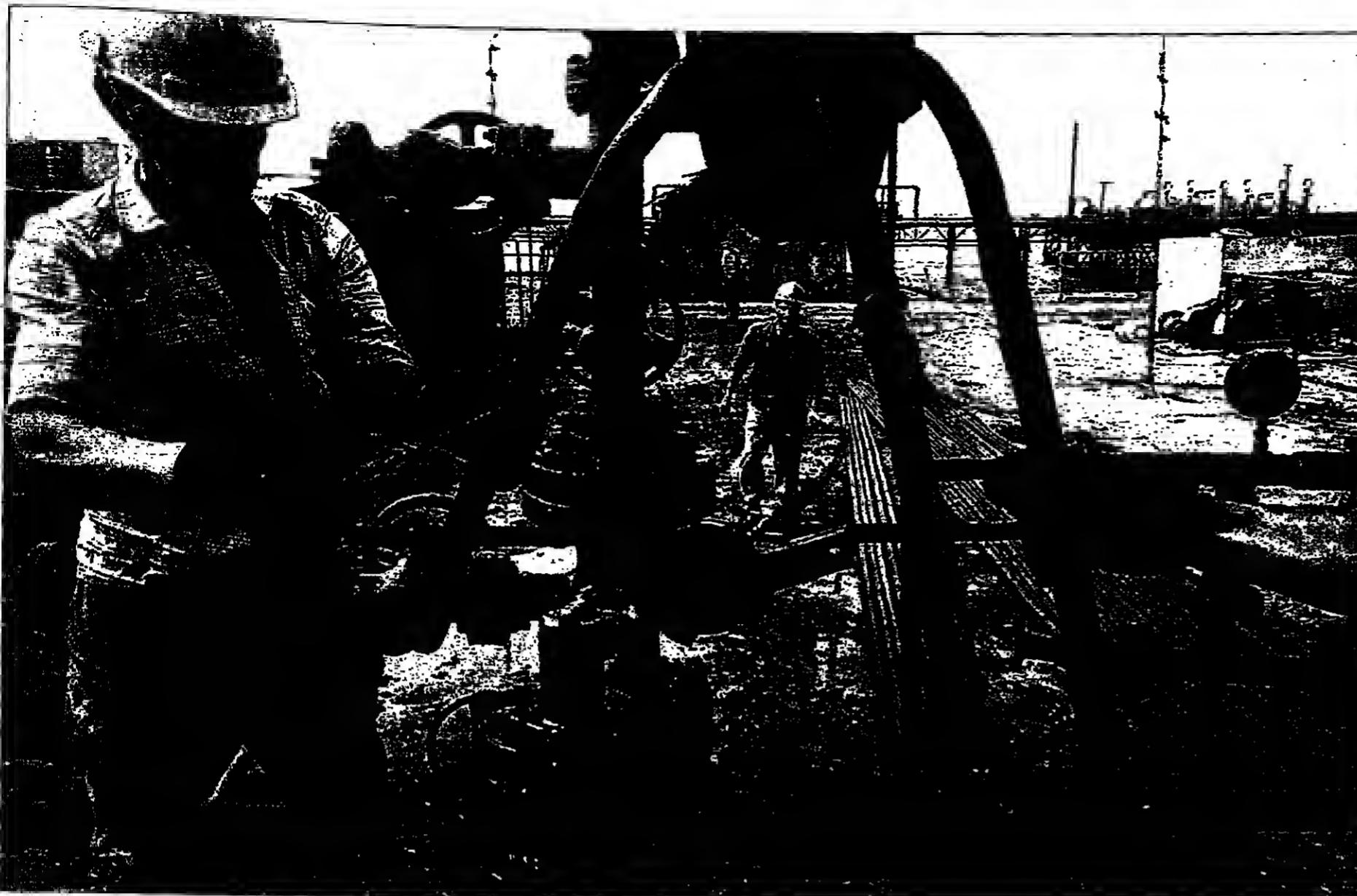
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A turn at the drill: Roughnecks at work on an offshore oil rig in the Neftyanne Kami oilfield

Photograph: Colorific



West lays its bets as the Caspian's black gold flows

The first stage of the rush for Caspian oil ended yesterday with a celebration in Azerbaijan, but plenty of snare lie ahead. As Phil Reeves reports from the Azeri capital, Baku, the West is engaged both in a new Great Game and a considerable gamble.

Eight miles out in the Caspian Sea yesterday, a group of politicians and oilmen stood on an oil platform, dipped their hands into a bucket of oil, and smeared it on their faces. Oil smearing is a tradition in the Caspian nation of Azerbaijan when people want to celebrate. The officials - who included ministers from Britain, the US, Russia and Azerbaijan's President himself - were anointing themselves with the first oil to be extracted from Azerbaijan's Caspian oil fields in partnership with the West.

The evil-smelling slime on their cheeks symbolised the end of the first chapter in a race for one of the most prized energy resources of the next century. It has been a tense period when the newly-independent Azerbaijan carefully parcelled out its oil wealth to a group of international oil companies in an effort to strike a geopolitical balance that would keep its neighbours at

bay. The oil in question was extracted by a US-dominated consortium led by British Petroleum - the Azerbaijan International Operating Company (AIOC). With the Azeri government, it is leading the path to the ex-Soviet republic's oil deposits, thought to be about twice those in the North Sea.

So far - despite the odds - they have succeeded without igniting any of the explosive issues that dot the map. Yesterday, international oil executives, western diplomats and Azerbaijani officials were united in self-congratulation. It was a "great turning point in the region" and a "remarkable moment in modern history", the US energy secretary, Federico Pena, told an audience locked into a Soviet concert hall in Baku for five hours of speeches.

Yet, for all the thunderous applause, the assembled investors knew this was not only a rerun of the last century's Great Game; they are also engaged in a great gamble.

What, for example, happens if Azerbaijan's president, Haidar Aliyev, the chief architect of the deal, departs from power? He is 74 years old, a statistic that his aides airily wave aside. "Our President does not smoke or drink," said a presidential spokesman. "He is a very healthy man indeed."

At present, no successor is in view. But his rule over this small republic will end well before the arm-wrestling over its riches produces a power vacuum that could easily

destabilise the region. There is a "key succession issue", said Foreign Office minister Derek Fatchett after returning from the smearing ritual. Since achieving power in 1993, Mr Aliyev has transformed himself from a Poliburo hardliner to an Azerbaijani nationalist who rules his semi-desert territory with an iron hand. A former head of the Soviet-era Azeri KGB, he is well versed in the murky arts of propaganda and, in particular, the personality cult. Newspapers and television are censored.

None of this has lessened the rush from Western governments, who trip over themselves to curry favour. Yesterday, Tony Blair invited him to Number 10; it is, the Government argues, better to do business with those you seek to change than to spurn them.

Next year, Mr Aliyev faces re-election, a process that is widely seen as a foregone conclusion. "When it comes to the next election, it is just a question of whether Aliyev gets 99 per cent or 99.1 per cent," said one senior western executive. He rules the roost unchallenged, despite a list of social problems that would unseat many others. New banks, restaurants and super-chic boutiques are sprouting up among the boulevards of Baku, which already has two British pubs.

But most of the country is very poor. Nor is the uncertain succession the only cloud

waters. International oil companies have been pouring in investment dollars - some \$1bn (£620m) from the AIOC alone - even though no agreement has yet been reached in a legal battle over how to carve up the Caspian among its bordering nations. And there are also the volatile forces that lurk beneath the tense surface of the Trans-Caucasus - particularly the unresolved issue of the conflict between Azerbaijan and Armenia.

Moves by the United States to build stronger relations with Azerbaijan have prompted the Russians and the Iranians to

tighten their bonds with the Armenians in an effort to counterbalance Washington's rising influence in the Caspian and Baku's growing power.

The path of the main pipeline is among the most crucial issues of all. No matter what path Azeri oil takes to its western markets, it will cross territory dotted with small wars, troubled ethnic groups and geopolitical strife. Two smaller routes have already been chosen for the first oil - one, which is open, through Russia via Chechnya to the Black Sea; the other, which will open next year, across Georgia to the Black Sea.

But the main pipeline has long been a bone of contention. It now seems certain to run through Georgia and Turkey to the port of Ceyhan. This is the most expensive of three proposed routes (the others run along the path of the two smaller pipes). But yesterday - to the annoyance of the Russians - Mr Pena made clear that the Turkish option had Washington's support. The Americans are not alone. Above all, the route is also backed by President Aliyev, the elderly ex-Soviet *apparatchik* whose hand most of the rest of the world now wants to clasp.

Peace pipe: Wealth soothes the troubled waters of a hostile post-Soviet world



Troubled past: Nagorno-Karabakh, scene of civil war, may now find peace

Photograph: Rex Features

The promise of benefits from oil reserves in Azerbaijan is paying dividends in the prospects for peace with its neighbour, Armenia, which supported Nagorno-Karabakh when it attempted to break away from Baku in 1988.

Levon Ter-Petrosyan, the Armenian President, stunned observers with a recent groundbreaking statement on the disputed enclave of Nagorno-Karabakh. Mr Ter-Petrosyan abruptly broke with his own previous position by saying that it was unrealistic for Karabakh to gain independence or unite with Armenia. In a newspaper article published simultaneously in Russia and Armenia last week, he talked of the "fatal illusion that Karabakh's enemy is Azerbaijan".

Increasingly, pipelines and peace have become interconnected. All countries in the region are comfortably situated to benefit from the vast Caspian resources which will bring interdependence between hostile and economically

such a dramatic shift in Mr Ter-Petrosyan's position is prompted by the fact that cash-strapped Armenia's chances of hosting an oil pipeline to carry Azeri oil to world markets rest on *rapprochement* with Baku.

Such a devastated post-Soviet republic, Armenia fears being left out of the oil game unless it reaches a compromise with Azerbaijan. Mr Ter-Petrosyan said that a compromise solution was unavoidable in the face of international opposition to independence for Karabakh, and that Armenia's interests lay in achieving a compromise now, while its position is still strong.

In the oil rush, the Nagorno-Karabakh issue has become a problem of the international community. While investing billions of dollars in Azerbaijan, it is a challenge for Western companies to get the oil out from the explosive region.

Oil will inevitably change the geopolitics of the region; this is the first serious sign of a breakthrough in almost 10 years of conflict.

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Ian and Anthony Erskine: twins in life, twins in death

Ian Erskine was found hanged last Saturday; last year his twin brother had been kicked to death as he attempted to defend his father. *Jack O'Sullivan* reports.

Nobody seems to have been too surprised to hear that Ian Erskine was found hanging from a tree last Saturday morning. Everyone could see that he hadn't been coping since the death of Anthony, his twin brother.

Tall and lanky, the 21-year-old would stand by his house on the dreary Clopton council estate in Stratford-upon-Avon, arms folded, staring at passers-by, at war with the world. In truth, though people felt sorry for him, he was a bit frightening. But then, he had a lot to be angry about. Anthony had died last year after a fight in that same front garden, where fierce hatred sprung from years of bad blood between two families was channelled into a few moments of vicious, fatal kicks to his head.

As a result, the Erskines had become the focus of national publicity. They were a hard-working Catholic family who had bettered themselves by buying their three-bedroom house. For that, said the papers, they had been loathed as "stuck-up" snobs by the Collins family two doors down, "a clan of yobish, work-shy jailbirds". And it was the boot of their teenage son, Damian Collins, that struck the fatal blows. Anthony Erskine became the fallen hero of those who fear that Britons are in retreat from hooligans in Britain's badlands. Collins and Mark Hemmings, 22, who also took part in the brawl, were convicted of murder.

The Erskines soldiered on in their tidy home, where a solid, dark wooden front door coolly defends the respectability of home ownership. But Ian faltered. He was lost without Anthony.

"They were glued together," says Peggy Bregazzi, a 69-year-old, big, brash Liverpudlian whose home - "Peggy's flat" - became virtually a youth club for the Erskine boys and their generation of friends. A photograph of Anthony still stands on her side cabinet, near a jar into which her gang of youngsters has this week dropped money



Inseparable Ian Erskine (left) with his brother Anthony. Their tragedy is so stark that it was told in headlines

to pay for a wreath for Ian. "The twins were inseparable," she recalls. "They stuck together through thick and thin. If one got into trouble, the other would try to cover up. But if Ian had been the one to die first, Anthony would have survived. He would have been able to hold off. Anthony was more stable. Ian was always nervous and fidgety. Anthony looked after him because he was the stronger one."

It surprised many local people that it was Anthony, not Ian, who had perished in that fight. Ian was the hothead, the "gobby" one, as they say in Stratford. At 6ft, he was tall and physically robust, with a temper his mother always warned would get him into trouble; a loner; a low achiever, who had to attend a special school and found it difficult to get a job. When he did, he lost it within weeks.

Anthony was calm, brighter and slight, even daintily beside his taller twin; he was a peacemaker, with plenty of friends. When Anthony got a holiday job at Stratford Egg Farm, Ian joined him. But when the pair



left school, Ian stayed where he was and Anthony moved on to Debenhams, working his way up to employee of the month. The Erskine children were fiercely protective of Ian, whom Peggy remembers as a child in tiny, steel-rimmed spectacles being bullied in the street. Even Natalie, his younger sister, backed him up, getting him a job at the Stratford clothes shop where she worked.

But that world fell apart when Anthony left the house last year to take on those who had been verbally abusing his father.

Hemmings and Collins were convicted of murder. But what happened was perhaps more complicated. Shakespeare would have understood. His tales are full of teenage brawling that goes wrong, as in *Romeo and Juliet*, where Tybalt dies as a result of the age-old feud between the Montagues and Capulets. The killing of Anthony Erskine, like the death of Tybalt, was not an assassination,

but a fight among young people that got out of control.

The Clopton estate, for all its working-class residents, many of them on benefit and many of them single mothers, has an old-style rural feel about it. It is close-knit and inward-looking, a succession of roads wrapped around each other. Deborah Earl is, for example, one of five generations living within a minute's walk of each other. Mrs Earl, 39, lives with her daughter Gemma Jelf, 19, and her seven-month-old baby.

This is also a culture in which legality is treated with a

rural casualness, as if the residents are living in a land beyond the law's reach. The children are streetwise and form fiercely loyal groups. As you chat with people over tea in smoky living-rooms, the talk is of so-and-so in jail for theft or some other petty offence. There is no sense of disapproval.

It wasn't a culture in which the Erskines felt comfortable. Dorothy Erskine, 54, brought up with a fierce work ethic. She kept her children away from many of the locals. Anthony, being bright, went to St Benedict's school, some distance away. "The Erskines thought they were top-priority than everyone else," says Gemma Jelf, whose ex-boyfriend, Mark Hemmings, was convicted of Anthony's murder. "I think it was because they have a bought house and they are more respectable."

As another neighbour said: "They thought their kids were more than brontal kids, living where the shit don't stink." Peggy Bregazzi, matron of honour at the Erskines' wedding, puts it another way: "They worked really hard for their kids and suffered from jealousy."

The killing of Anthony left this tiny community split down the middle, between those connected to the killers by kinship and friendship, and those closer to the Erskines. Even Peggy's "family" of youngsters was split.

Mrs Hemmings, mother of Mark, says she feels sympathy for Dorothy Erskine. "She has always been pleasant to me. Even after Anthony's death there was no nastiness, no threats, nothing. But I am grieving too, for my son. In the last

The day a hairdresser gave me the cruellest cut of all

VIRGINIA IRONSIDE



DILEMMAS
Sara used to have lovely long hair until a week ago, when a hairdresser persuaded her to have it all cut off. Now she feels desperate when she looks in a mirror. She doesn't want to wear a wig, and she knows it'll grow back eventually, so why is she reacting as she does?

Ever since Samson's hair was cut off by Delilah, we've always seen hair as a symbol of power. We talk of those American women with cascades of bouffant hair rolling down their shoulders as having "power hair". We talk of "bad hair days" when, simply because our hair isn't looking right, a whole day can seem to go wrong. Soldiers wear their hair cropped to show their great sense of strength and masculinity. Monks shave off their hair to show their reverence for God. Whenever we're low we're told to go out and get a new hairdo to make us feel better. How our hair is can not only change us inside; it can also be a metaphor for our very selves, and how we want our inner selves to be seen outside.

Small wonder poor Sarah is feeling suicidal. Is there, anywhere, a single woman who, after a visit to the hairdresser, doesn't run home and either wash it, or run her fingers through it to calm it down and make it look more personal, maybe "herself"?

Hairdressers are out camp jokes, as they're so often portrayed, but powerful figures, like doctors and dentists. Otherwise why would women confide so much in them? They have at their disposal a part of our body, and in ancient times, and even today in some tribes, to get a portion of your enemy's body, eg a nail-clipping or a hair, has often given great power. If a bad spell is cast using this scrap of a person's body, it can be very effective, they believe. Some people may believe that the fear involved in having your hair cut drastically

WHAT READERS SAY

Just be glad your hair will grow again

Ten years ago, at the age of 13, I lost all my hair including eyebrows and eyelashes. I had had blood tests and seen specialists, who cannot explain my total alopecia. I wear a wig, which is undetectable even to my work colleagues. I am used to it now but cannot help feeling that you are very lucky to have hair.

Miss K Playle
Iford, Essex

Seek counselling

This is not a trivial problem for Sara, so it is not a trivial problem. Her long hair was clearly the reflection in the pool after the rape of her locks by Loke and Malicious", who, for a cruel joke, cut off the hair of the wife of Thor. When she meets the man she loves, who asks why her head looks like an "apple on a gatepost" she replies "I've made myself ugly - and hateful - that's why I've done." Practically, he replies, "You've only cut your hair - I see now."

Sara is out hateful, she just feels so. She feels she appears like a different person, that she presents a horrible face to the world. But in fact she has "only cut her hair". And she should remember that no one can be persuaded to do anything that a bit of them doesn't slightly want to do anyway. She may not like the hit that agreed with the hairdresser, but it's a bit of herself she must respect, and learn to love. It could be that it is a weak, childlike hit of herself that she fears and loathes.

Or it could well be that it is a brave, positive and powerful hit of herself that frightens her - but, whatever, it is part of her, and it needs to be accepted.

Short hair is fun

Short hair within our society generally means that a woman is capable of leading an orderly life, whereas women with long hair are looked on as glamorous and full of mystery. This obviously is not the case in the real world, and models and actresses have proved that short hair is sexy and fun. So the next time you look in the mirror, think of Teri Hatcher, Meg Ryan and Ute Jonsson, and how great they look with short hair.

Ms M Aziz
London N11

Embrace the new you

I speak as a hairdresser. If you had been 100 per cent enamoured of your beautiful long hair, you would never have been persuaded to have it cut. I suspect you were anticipating a new you. It is a new you, Sara; look at different make-up, colours, etc. If you feel the cut is well done, enjoy it.

Janet Whitaker
Littlethorpe, Leicestershire

NEXT WEEK'S DILEMMA

I recently did some tax work for my father-in-law. I spent several days on it. I saved them a huge amount of money, and all I got as a present was an egg-timer.

Now my father-in-law has just rung to ask for advice on what to do with his other grandfather - out ours. He's said that as we're Labour supporters we don't believe in shareholding. Should I shoot him or poison him? What do you suggest?

Letters are welcome, and everyone who has a suggestion quoted will be sent a bouquet from Interflora.

Interflora's personal experiences or comments to me at the features Department, 'The Independent', 1 Canada Square, Canary Wharf, London E14 5DL (fax 0171-293 2182) by Tuesday morning.

And if you have any dilemma of your own that you would like to share, please let me know.

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Funding the theatre

Sir: Thank you, Polly Toynbee (article, 10 November), for focusing attention on how the Lottery has become a poison chalice for the arts. But the issue is not "financing the arts" generally. The crisis affects the live performing arts.

Art that can be mechanically reproduced (books, films, videos, paintings, CDs) and object art in museums have no problem of financing or valuation. Backed by industries or, in the case of auction houses, a major element of our commercial life, they need no special government support.

The live performing arts are dead or dying, because they cannot make a living wage from ticket sales for a physical event that is distorted or destroyed when subject to mechanical amplification. A playhouse has to be intimate - like the Greenwich Theatre. An opera house can be larger, but not much.

No theatre company in Britain now employs a company of actors on a year-round basis, whereas well over a hundred do so in Germany. Money for the arts at the local level is distributed by centrally funded remote quangos, which are naturally nervous about their impossible responsibility. But a theatre company needs a close relationship with its economic and social hinterland.

Even when local government was permitted to spend a penny rate on culture in the 1950s and 1960s, there was no obligation on it to do so. But the live performing arts should be recognised as being, just like universities, an essential element in our culture.

Constitutional reform being prepared by Mr Blair should include establishing a local government framework with a built-in obligation to rebuild the culture of the live performing arts and reconnect them to audiences (and electorates) that now, in most cases, simply do not know what they are missing.

TOM SUTCLIFFE
London SW16

Sir: We write in praise of Polly Toynbee's article about misdirected Lottery funding of theatres. We are the current company in residence at Greenwich Theatre. Our audiences are large, appreciative and loyal to this venue. Greenwich is

We can safely declare New Labour's honeymoon over. It couldn't have continued for ever, of course, but the manner of its ending is interesting and should worry Tony Blair. Decision about the Formula One affair is widespread and justified. The blame can be levelled nowhere except Number 10. Had the Conservatives not been up to their nostrils in worse problems before the election, and therefore an implausible prosecution team now, the damage to the new Government would have been worse. But as it is, William Hague had his best day at the dispatch box yet and made some telling points at the Prime Minister's expense. So what went wrong and what can be done?

Let us deal first with the main Tory attack on Blair - that he is an unprincipled opportunist renegeing on promise after promise. This has some "political truth" - meaning that it will stick. There have been U-turns since 1 May, and some maladroit handling of tricky issues. Given that Labour was out of power for so long, ar-

living in power with so many high hopes and so many inexperienced people, it is hardly surprising. But the U-turns have not (yet) been highly significant in policy terms. On the big questions of educational and political reform, Europe and the welfare state, Mr Blair seems to be sticking to his guns. If he delivers there, then none of the rest of this will matter. It is small stuff. Mr Hague is making a serious mistake in portraying the Prime Minister as the cynical boss of a government of tricksters. It seems implausible and therefore irrelevant, and won't help the Tories. Most ministers, including Tess Jowell, are people of honest conviction trying to improve the country. They make mistakes; and the world is a little more complicated, perhaps, than it seemed in Opposition; and it is the duty of the Conservatives to point this out. But we are not governed by charlatans.

All that said, there are contradictions in New Labour which the Euston affair exposes. In zooming away from Old Labour dilatice of entrepreneurs and busi-

ness, the party's leading reformers have gone too far for the other way. From being people who could do no right, the glib tycoons have become people who can do no wrong. It started, no doubt, as a shrewd opposition strategy. Mr Blair's friendship with the big cats of corporate Britain was used to demonstrate to the voters that the party really was pro-enterprise. After 18 years in the wilderness, it really was necessary to show people that Labour wasn't simply an eternal pressure group. So the successful stars of the private sector found themselves back-slapped, courted, flattered and consulted. Some, seeing the way the wind was blowing, gave Labour money. The circle of "Tony's friends" would always widen, it seemed, for a successful business supporter.

Nothing wrong, perhaps, that, except that the Government seemed to forget that most business leaders are also lobbyists, responsible to shareholders and looking for opportunities. They may be privately chuffed to meet the Prime Minister and

buccaneers meant that the private and public sectors became too hotly intertwined. It mustn't happen again. It is not possible both to have corporate chums, who pay money to your party; and to be a genuinely reformist government, opening the country up to more of its people.

Some of the reforms now being introduced, including capping political spending and publishing lists of all substantial party donors, are very welcome. But it shouldn't have needed the Euston embarrassment to get Labour moving. When Mr Blair was elected, he raised our hopes about a genuinely fresh start for British politics. This is a country that has been disappointed so many times before that a particular weight rests on his shoulders: if he lets people down, they will turn away from politics with disgust. So forget the Commons row, or what one minister or another thinks - what the Prime Minister needs to know is that many of his natural supporters have been jolted, dismayed and annoyed.

LETTERS



a theatre which gains a wide and varied audience with its policy of affordable seat prices.

So we feel bewildered, hurt, and deeply shocked by the news that this wonderful theatre is threatened with closure. We know that the previous Tory governments have left a trail of callous thoughtlessness about our heritage of theatre, made manifest in so many dead companies and empty buildings already.

But while we understand the mess Labour has to wade through, we urge the new government to have foresight and wisdom, to stop the rot now.

DESMOND BARRIT;

OLIVER HADEN; ROBERT HANAS; OLIVER JACKSON;

RACHEL KAVANAUGH; GRAHAM KENT; FRANK LAZARUS; DARREN ROBERTS; ELEANOR TREMAIN; LESLIE UDWIN;

TONY WHITTLE
Greenwich Theatre
London SE10

elect to have an independent technical adviser sitting with him and advising the court. Such a system could greatly improve the quality of the legal process.

J V PARKIN
Lancaster

Sir: After verdict, one of the prosecution spokesmen in the Woodward case queried whether justice had been done to the baby, Matthew. In this country too, the belief seems to be growing that the function of the criminal courts is to do justice between the offender and the victim, who (or whose family) has some sort of right sufficiently to enjoy the offender's suffering through punishment.

Kenny's *Outlines of the Criminal Law*, the standard student textbook of my youth, taught that the criminal law was to offer society the protection of the state from socially disruptive behaviour. The purpose was not to satisfy the lust for revenge but

to protect the public, and to reform and to deter.

Of course, if there is no such thing as society ...

Are we now beginning to say that she was right after all?

TOM U MEYER
Lostwithiel, Cornwall

Sir: Now that Louise Woodward's verdict of murder has been reduced to manslaughter, many Britons - led by some British newspapers - are planning a hero's welcome for Ms Woodward when she returns home.

Even with a reduced verdict

and a sentence of time served,

Judge Zobel reaffirmed the

central fact of the case: she is responsible for the death of

Matthew Eappen. She is no

hero. To treat her other than as

a convicted killer puts British

nationalism above human

justice.

DAVID O'NEIL
Boston, Massachusetts

Elected mayors

Sir: You correctly say that my Private Member's Bill will open the possibility of elected mayors for local authorities ("Shopping for votes in the supermarket", 10 November).

However, you confuse me with my namesake, who is a Liberal Democrat peer. I am, in fact, a crossbencher.

As chairman of the House of Lords Select Committee on Relations between Central and Local Government (and as president of the Local Government Association) I was encouraged by the Government to introduce a Bill which would allow democratic innovation in local authorities in England and Wales. This will allow councils not only to draw up proposals for elected mayors and cabinet committees, as your article said, but also the possibility of backbench scrutiny committees and other forms

of executive control. The important thing will be for individual councils to develop reforms which are suitable for their own authority and the people who live there.

Turnout at local elections is unacceptably low. My Bill will give councils the opportunity to improve the way they do business in order to revitalise local democracy. An elected mayor is just one way of achieving that.

Lord HUNT OF TANWORTH
House of Lords
London SW1

US and the UN

Sir: The United States is eager to punish Saddam Hussein on behalf of the United Nations for his failure to observe UN rulings. Is it not first of all time to require the United States to observe UN rules and pay the dues for which it is in debt?

JOHN ROBERTS
Littlehampton, West Sussex

that tricky
realism and i



Tobacco sponsorship

Sir: Peter Mandelson attempts to justify Formula One tobacco advertising (10 November).

F1 sponsorship is 90 per cent weighted towards tobacco because this is the only way these companies can get their names on the screen. If F1 is the big macho sport with the wide following it claims, other companies must be desperate to get their logos on the cars. On the other hand, they may not wish their image associated with an extremely expensive but legalised version of road rage.

JOHN ASHWELL
Easleigh, Hampshire

Slim hope

Sir: I was encouraged to see Ac curist's advertisement with highlighting the absurd obsession we all seem to have with thinness ("A very thin line between glamour and starvation", 8 November). I am not convinced that it will sell them many watches, but it is a breath of fresh air to have any advertising that does not demand that we worship the skeletal.

I was shocked at the eagerness of fellow women at my aerobics class when "after-session weigh-ins" were suggested. I gazed in horror at the slender fit people about me all convinced that they should shed a few more pounds.

P. SPENCE
Edinburgh

Bearded Jesus?

Sir: Bearded myself, I applaud Nicholas Schoon's cogent defence of the facial follicle (11 November). However, honesty compels me to point out that Jesus may not have been bearded. No portrait of the Lord exists, but some scholars point to pictures of near-contemporary Jews which show them clean-shaven, like most males in the Roman Empire in the early first century. The bearded Jesus derives from a much later tradition of iconography.

Incidentally, in today's church, beards are often taken to indicate a tendency to "happy clappy" evangelical theology.

Is there any correlation between the hirsute members of New Labour's team and their political yearnings?

The Rev PETER HATTON
Droitwich Spa, Worcestershire



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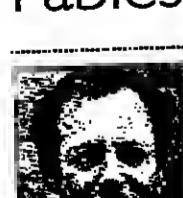
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Fables part two: the feeding of the five thousand (ducks, that is)



MILES
KINGTON

Today I bring you three more cautionary fables for our time. 1. Once upon a time there was a left-wing politician who became an MP for a town in the North and was later promoted to the Cabinet when his party came to power.

This meant he would have to live part of the time in London, so somewhat reluctantly he acquired a small flat north of the Thames. It was just down the road from a common with a pond, which reminded him of the country although truth to tell he did not live in the country back home, but in the posh leafy suburbs.

His wife always came with him when he travelled to work in London. She didn't like London, but she knew that all Cab-

inet ministers were tempted to have affairs sooner or later and she thought he would be less likely to have one if she were there. (Mistakenly, as half the fun of an affair is the exciting, clandestine deception of it.) However, he was far too busy to have an affair, and didn't even feel pestered by the occasional press photographer who hovered outside his gate.

One day, when he was promoted further up the Cabinet, there were eight or 10 photographers outside, which was a world record for him.

"Give us a picture!" they shouted. "Come on Charlie!"

He would have ignored them except that his wife urged him to be friendly to them.

"Give them what they want

and they'll go away," she said. "It's always best to have them on your side. Just let them have a few shots."

"Shh! Not what?" he grumbled.

"Take some bread down to the pond and feed the ducks," she said. "It's friendly, domestic, caring image."

And so he did. In fact, he quite enjoyed it. Two or three ducks wandered over to him, and he threw them a morsel each. Then they asked for more. He gave them a second morsel each. Other ducks, spotting his charity work, hurried over. He tried to give them a bit each. Before he could share the bread out fairly, many more ducks appeared from nowhere.

Finally, there was just a crowd

of angry, open mouths.

"The bread's all gone!" he shouted. "I haven't got any more Go on buzz off! Go and find your own food!"

In five minutes that man had

gone through a process which

it normally takes a politician several years to accomplish.

MORAL: Take more bread or go where there are fewer ducks.

2. Once upon a time two couples were having dinner together in a restaurant and, when every other topic had been exhausted, somebody brought up the subject of cotton buds.

"I blame women, myself,"

said one man. "They should never throw cotton buds down the lavatory."

"Why not?" said someone.

"Well, if you have ever been

to a sewage farm, as I have,

and you have seen the amount of

cotton buds floating on the

surface, you will realise that

when we throw them down the

lavatory, they become the top

trouble-maker in sewage

farms, it would bring

dinner to a halt.

MORAL: Come on girls -

throw your cotton buds in the bin, not down the loo!

3. A man who was sailing round

the world was stopped by an

other man sailing round the

world, who asked him if he had

any black material on board.

"What do you want it for?" he asked.

<

That tricky blend of realism and idealism

RUPERT
CORNWELL
DIPLOMATIC
EXCUSES

IDEALISM and realism. They are the twin driving forces of diplomacy, and striking the correct balance between them is the very art of statesmanship. Pity therefore poor Mary Robinson, in London yesterday to mark her second month as the United Nations Commissioner for Human Rights. Mrs Robinson, the former President of Ireland, was appointed to give the UN a louder voice in a field where, to put it mildly, it has not excelled.

But yesterday that voice was curiously muted. There was, for instance, no castigation for Algeria. Speaking out prematurely on human rights violations, she warned, could do more harm than good. The key was to find a balance between quiet diplomacy and being a moral voice. And so on and so on. The demons of realism and idealism had already got to her. For comfort in her dilemma, however, she could do far worse than watch Douglas Hurd's current BBC series.

These are not good times for Hurd. Former Tory Cabinet ministers – Michael Portillo, Alan Clark, now Hurd – return to haunt the small screen: Have they no decency, do they not remember what happened on 1 May? But Hurd of the safe pair of hands, who had Britain punching above its weight in the global arena, has come in for some particularly savage revisions, above all for his role in the Balkan conflict. Be that as it may, he is a splendid broadcaster, wise but not condescending, plummy but not too plummy. *The Search for Peace* may not find it. It does at least illustrate the pitfalls along the way of realists and idealists alike in this uniquely bloody 20th century, from Sarajevo to Sarajevo.

Of those Hurd talks to, no idealist is greater than Eduard Shevardnadze, whose part in the peaceful dismantlement of the Soviet empire must place him in the first rank of modern statesmen. Shevardnadze is a latter-day Woodrow Wilson, an unqualified believer in collective security. Gorbachev's Foreign Minister insists that the surrender of Soviet global power was an act of idealism. Foreign policy not only can, but must, be run on the basis of principle and universal human values, he maintains: the aspirations of President Wilson died at Auschwitz.

Unarguably, however, this bloodiest of centuries is ending on a more hopeful note than it began. Plainly the Western powers will be in Bosnia for a good while yet. Equally clearly, other conflicts could erupt, especially in the Middle East. But after two hot World Wars and one 40-year Cold one, no global conflagration beckons. Far more likely, messy and sometimes barbarous civil wars will be the stuff of the future, calling for peacekeepers and humanitarian aid, but not the despatch of half-million man armies halfway round the world. And the lone superpower is benign. You may object to its economic and cultural sway, but in diplomatic terms the risk is not that the US may swallow up the world – but that it may try to withdraw from it. For this reason perhaps Hurd is cautious: "Three steps forward and two steps back." But even on that reckoning, *Pax Americana* is progress. For a while at least, realism and idealism are in reasonable harmony.

agnosis of what went wrong in Bosnia. But pause an instant before hurling boulers at the world-weary patrician in his old Estonian drainpipes, Hurd the cynical *Realpolitiker* who "appeased" the likes of Slobodan Milošević. Shevardnadze may be an idealist, but the decision to let Eastern Europe go was equally an act of political realism: empire's burden was crushing the Soviet Union to death. Hurd may not seem to help his cause by confessing an unfashionable admiration for Anthony Eden; in fact, Eden's record as Foreign Secretary, from resigning in 1938 rather than play along further with Hitler, to his brokering the division of Vietnam after Dien Bien Phu in 1954 and persuading the Americans not to plunge into South-east Asia a decade before they were finally to do so, was eminently creditable.

Eden is stigmatised as being too much of a realist. But when he went off the rails, it was over Suez, as an idealist who believed that in Nasser he was fighting an Arafat Hitler, he was unable to comprehend Britain's diminished power and that the Americans would refuse to support what they saw as a last twitch of colonialism. Had Eden been more of a realist – more of a Hurd one might say – Britain might have been spared its greatest post-war humiliation.

And such paradoxes persist to this day. In the end, a settlement was imposed on Bosnia not by an idealist but by Richard Holbrooke, realist *par excellence* – a diplomat who understands power, and the limits of power. China's behaviour in Tibet may be a monstrosity, but Mr Holbrooke tells Mr Hurd, "Western rescue of that unhappy country 'just isn't going to happen'". Or take Robin Cook, so different from Hurd sartorially and in most other ways, who is now wedded to an "ethical foreign policy". Unanswered, however, is whether Britain will place outrage over Saudi Arabia's human rights record above the preservation of multi-billion-pound arms contracts. As the Americans say, don't hold your breath. And, just yesterday, Mary Robinson.

The real trick is to blend realism and idealism. Sometimes, as in the Gulf war, the task is easy: in opposing Saddam Hussein, their demands coincided perfectly. The same, in retrospect, was almost certainly true in Bosnia. But hindsight is always 20/20. It can be argued there is no conflict between realism and idealism. Should not the latter – always the goal of foreign policy – the former merely the means, where necessary, to achieve it? But many good men have fallen along the way. As Hurd the realist points out, the League of Nations and the aspirations of President Wilson died at Auschwitz.

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Early examples of the universal impulse to reveal all



Detail from 'Myographia Nova', 1698, by Joannis Browne, from the archives of the Royal College of Surgeons of England

JOHN
WALSH

Whatever you make of the Louise Woodward judgment, you must have stopped to ponder the level of intelligence displayed by the Boston judicial system. It should come as no great surprise that the attorneys of New England are legendary in Stateside legal circles for their lack of common sense. You want proof? Into my hands has fallen a page from the *Massachusetts Bar Association Lawyers' Journal*, that offers a dozen examples of no-brain questions asked in cross-examinations by attorneys. Some of them are brilliantly self-cancelling one-liners ("Now doctor, isn't it true that when a person dies in his sleep, he doesn't know about it until the

next morning?"; "How far apart were the vehicles at the time of collision?"; and "You were there until the time you left, is that true?") while others are surreal exchanges with witnesses. "So," asked one brief, "the date of conception was August 8th?" "Yes," says the baby's father. "And what?" persists the attorney, "were you doing at that time?"

Literary parties are a little thin on the ground in these autumnal, post-Booker times, but Penguin Books put on a very jolly thrash on Monday at a gallery in the depths of Pimlico. Fishy mouse things on individual spoons, crushed cranberry liquids, David Lodge, Jonathan Coe and Barbara Trapido.

It was about halfway through that one became aware of a tiny row brewing between the venerable firm's two most senior executives. It's about the Penguin logo. The fat little bird with the dangling flippers, the soup-and-fish footage and the sideways gaze has been with the firm since Alan Lane invented the paperback 50-odd years ago. But Helen Fraser, the new-broom managing director and editorial *überfrau* of Penguin General Books, thinks that it might put off some potential readers. "Hip teenagers and fans of commercial women's fiction might not expect to find the Penguin logo on certain books," said Fraser with diplomatic periphrasis.

"There's a danger that the bird might give the wrong signals to those markets." In other words, it's too middle-class, too "literary", too inaccessible? "We're just trying to broaden the brand," she said. Her colleague, Anthony Forbes-Watson, managing director of the Penguin Group, does not share this view. He would like to see the logo on the cover of every Penguin book, so there. Some of the guests,

hearing that the bird might be pensioned off, hit the roof. It was, they said, one of the strongest brand images in the world, along with the St Michael label and the Coca-Cola bottle. How could they? Someone brought up the Terry Waite story – how, when incarcerated in the Lebanon, he'd begged his guards to bring him English books to read. The non-Anglophone screws had done their best but ended up with works such as *Disraeli's Middle Ear* (6th edition, illus.).

Tell you what, said Terry. Look out for this little bird (he sketched a rudimentary penguin) and you'll have what I want. And thereafter he was brought only Penguin.

"For heaven's sake," said Helen Fraser, "We're only talking about it. And people made the same objections in the days when all Penguins looked identical and Tony Godwin said one day, 'Hey, why don't we put a picture on the cover'..."

The new exhibition at the Royal College of Art displays a collection of flayed bodies called "The Quick and the Dead" and looks at how the anatomy and physiology of the human body has been displayed down the centuries. What is of most interest to the passing voyeur is not, however, the flexed muscles and *écorché* torsos, the loving efflorescences of dissected abdomens and extruded womb – it's the poses adopted by the figures.

There's something unsettling about a human figure which, though it's had its skin removed and all its tendons are showing, is waving cheerfully at you. Another figure, a naked man, is lifting the skin off his shoulder-blade to show you his trapezius muscles, flashing a cheeky grin at his spectators. Elsewhere, a fat neo-classical lady discreetly veils her breast

(a would-be-groovy version of middle age, according to a new style magazine) and speculated about the significance of Blue Nun Liefraumilch and its return to the nation's off-licences.

But I don't think their hearts are in it. You can tell they'd be happier with Gordon Brown and some noo-endogenous growth statistics. Frankly, the strain is beginning to show.

This morning, James Naughtie, in his finest Aberdeen growl, interviewed a fellow Scot called Julie, one of several people who are convinced they have met alien beings. Naughtie asked Julie to describe her experience. She had been asleep in her bedroom, she ventured, and woke up feeling unable to move. A strong light was shining through the window, she further recalled, and she was aware of "four small, squat beings around my dressing table". "Four humanoid shapes?" pressed Naughtie. Indeed, said the faltering Julie. "Did you," snarled Naughtie, "have a conversation with them?" No, said Julie, shyly, she did not. You could hear the snorts of derision. Short of actually saying "Did you interview them?" Naughtie couldn't have expressed any more clearly his wish to get his hands on a decent subject for interrogation. ("Look, isn't it perfectly obvious that the Humanoid Party is a dead duck? Don't your recent statements about interplanetary travel represent a 180-degree U-turn ...?")

Bulgaria in Crisis

Appeal to Independent Readers

LEFT TO FREEZE
Yordan, 12, already
malnourished could die
from cold and hunger
this winter unless aid
reaches him now. With
temperatures plummeting to -15°C
Yordan's scant clothing
and no shoes offer him
little protection from the
bitter cold and there is
no money to heat his
orphanage. There are
37,000 places in
Bulgaria's orphanages

No Money To Feed The Children
No Money To Heat The Orphanages

Bulgaria is a country in the midst of a serious economic crisis. Unless urgent help is sent, thousands of children will suffer terribly this winter.

There is little money to heat the orphanages. Orphanage Directors are having to beg for food from local villages and rarely know where the next meal is coming from. In some areas children, like Yordan, are going hungry and the cold could prove fatal for many children this winter. Without aid this could be catastrophic for Bulgaria's orphanage children.

The European Children's Trust, sister charity of The Romanian Orphanage Trust, is ready to distribute emergency food packs, clothes and fuel to the orphanages in most need.

Your gift today will save lives and bring hope.

• £23 could buy enough emergency food packs to feed 20 orphanage children for a week or heat an orphanage for 5 days.

Please send whatever you can to help children survive the winter or call 01273 299399 NOW

I enclose £____ to save Bulgarian orphanage children. Cheques to The European Children's Trust. Or debit my Access/Visa/CAF card

Card no. _____ Expiry date. _____

Signature _____ Date _____

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City dismayed by BZW sale to Credit Suisse for £100m

Barclays admitted yesterday it had raised only £100m from the sale of BZW's equities and corporate finance operations to CSFB, much less than original expectations. Tom Stevenson and Lea Paterson examine how the bank was outmanoeuvred by its Swiss rival.

Martin Taylor, chief executive of Barclays, said he was far from disappointed by the £100m the bank will receive

from CSFB for its European investment banking operations. To everyone else, however, yesterday's disposal appeared to have been badly bungled.

"It's a fair price", said Mr Taylor, who has been widely criticised for the way he put BZW up for sale without first finding a buyer. "A lot of analysts over-estimate the attractiveness of the businesses, partly because they work in them. They can't believe anyone had the temerity to sell an equities business".

Few agreed with his gloss, however. "It's a very disappointing disposal", said one analyst, who declined to be named. Another said: "The price is as bad as it looks, al-

though the early expectations that Barclays would raise £400m-500m from the disposal of all of BZW's equities and corporate finance arms were probably over-optimistic."

Barclays admitted yesterday that the price tag represented only two-thirds of the net asset value of the businesses to be sold, which stands at around £150m, and rather less than the operations' turnover in the first six months of 1997.

"I was very surprised to see it sell at less than net asset value," said Kathryn Newton, banking analyst at UBS. Another was less diplomatic: "To sell at less than net asset value is a bad disposal", he said.

Mr Taylor was unrepentant,

How the combined group will rank			
YTD 1997 rankings	CSFB	BZW	Combined
UK Equity Trading	18	2	2
UK Corporate Broking	-	3	2
UK Equity Research	-	4	4
European Equity Research	3	4	1
European Equity Research	19	6	5
M&A Advisory: UK	15	10	3
M&A Advisory: Europe	9	13	4

Source: AUTEX, Bankers, Brokers, Dealers and Securities Data

however, adding: "CSFB was the most credible buyer from the start and the fact that they have only bought what they wanted to buy means that will minimise the degree of waste."

CSFB, which has reserved £50m as a "sweetener" for

safe price and the net value of the assets. To start with, it faces heavy restructuring costs in BZW's back office, which CSFB plans in sub-contract to Barclays, leaving the British bank to bear the cost of any redundancies. Barclays will also honour its guarantee to staff to pay bonuses until February.

Barclays put BZW up for sale last month, after deciding it was unprepared to foot the high investment bill needed to make it a subsidiary of a viable competitor with the increasingly large and powerful American players such as Morgan Stanley and Goldman Sachs.

Mr Taylor said at the time of flagging the disposal that the complexity of untangling parts

of BZW to be sold meant a secret deal would be impossible. After initial interest from a string of rival banks, however, the shortlist of potential buyers rapidly narrowed to just one after its US rivals such as Donaldson, Lufkin & Jenrette and Bankers Trust dropped out, thinking Barclays would only entertain a full bid. CSFB was then in a position to bid low for only the parts of the business it really wanted.

Barclays is still looking for buyers for its Australasian and Asia-Pacific operations. While it is strong in Australia and New Zealand, and likely to finalise a quick sale, the Far Eastern operations are more problematical, especially because of the recent

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Money dealers at a foreign exchange brokerage in Tokyo yesterday anxiously monitoring rates

Photograph: Sayuri Inoue/Reuters

Japan and Hong Kong add to global market misery

More gloom in Asia's stock markets yesterday cast its shadow over shares in Europe and the Americas. As the Federal Reserve met to deliberate on whether to raise US interest rates, investors are taking the view that corporate profits will suffer as a result of slower Asian growth. Diane Coyle in London and Stephen Vines in Hong Kong report.

A fleeting glimmer of light in Asian stock markets on Tuesday was overshadowed by the more familiar gloom yesterday. With the Japanese stock market hitting a two-and-a-half-year low, and a near 4 per cent fall in Hong Kong share prices, international fund managers were actively

selling shares across the region. The Nikkei-225 in Tokyo fell by almost 3 per cent as the yen continued slipping against the United States dollar. The yen fell to a six-month low, touching ¥126 to the dollar. The Japanese currency has lost an astonishing 58 per cent in value against the US dollar since April 1995, when it had reached a record high of ¥79.75.

It also reached its lowest level against the pound for five years, with sterling boosted by the prospect of at least one more UK interest rate rise. The pound's index ended 0.6 higher at 104.4, and the currency gained another two pence against a 2 per cent in their sixth successive decline.

Shares in Europe fell in Asia's wake. The FTSE-100 index in London ended 73 points lower at 4,720.4. Hong Kong-linked stocks like HSBC suffered particularly.

The Paris and Frankfurt markets declined, too. In France, SGS-Thomson, the

tenth biggest maker of semiconductors, was hard hit by fears that the Asian currency devaluations will give a big boost to its competitors.

Wall Street took up the baton, ahead of the results of the Fed's interest rate meeting. The Dow Jones index was at one stage 88 points down at 7,470.32, although it had regained ground by late morning.

Shares in Latin American markets were particularly affected by the Asian contagion. The Brazilian index was down more than 6 per cent within 35 minutes of opening, while Mexican stocks

earnings will be affected. It was only a slight comfort yesterday that as a result of the past month's financial market turmoil, almost nobody expected the Fed to increase the cost of borrowing, despite the obvious pressures in America's booming jobs market. Without that background, a rate rise this month or next would have been odds-on.

Nobody is sure how far the fall in Asia's markets will go. Goldman Sachs, the giant investment bank, warned clients yesterday that it was "still premature to bottom-fish in Asia".

The latest concern is that the weakness elsewhere in the region will trigger a full-blown financial crisis in Japan. The steep slide in the yen's value, music to the ears of Japanese exporters, is unwelcome to the government. It is worried about the country's trade surplus, particularly with the US.

But there was no sign of intervention by the Bank of Japan, which last week ruled

against the Bank of Japan, which last week ruled that their overseas

out the possibility of raising interest rates to support the yen in the meantime. Nor did any Japanese or US officials comment on the exchange rate moves, which analysts said probably reflected the view that exports growth holds out the best hope for Japanese economic recovery.

"Even though there are trade tensions, the exporting sector is the only one showing reasonable signs of growth," said David Brinkman of Paine Webber.

Japan's ruling Liberal Democratic Party is due to unveil another economic stimulus package tomorrow, the second in a month as the Economic Planning Agency unveils its latest monthly report. But foreign investors in the Japanese stock market are becoming increasingly sceptical about the government's ability to tackle the country's economic problems.

Fears of rising interest rate hung heavily over the Hong Kong stock market yesterday, particularly with the US

where the blue chip Hang Seng Index closed 396 down on the day at 9,607.91.

Hong Kong's interbank rates are far out of line with prime lending rates. The prime lending rate stands at 9.5 per cent, while banks are having to pay rates of up to 16 per cent to obtain short-term liquidity money from others in the banking system. Analysts are looking for a prime rate rise to around 10.25 per cent before the end of the week.

Elsewhere in the region attention remained focused on South Korea, where the currency slumped to a record low against the US dollar and Tuesday's mini-stock market rally in anticipation of a government economic package petered out. Bangkok workers who lost their jobs after 15 finance companies closed demonstrated outside the Bank of Thailand, demanding it should take responsibility for their plight.

While they were on the streets, investors were optimistic enough to push up share prices by a fraction.

Bank reports better inflation outlook as unemployment sinks to 17-year low

The Bank of England's Inflation Report provided official confirmation yesterday that interest rates might have to rise again. Even so, the Bank has become more optimistic about the inflation outlook, writes Diane Coyle, Economics Editor.

"Caution is the appropriate policy position," Mervyn King, an executive director of the Bank, said yesterday. He warned that the economy was growing uncomfortably fast and the risk was that the Bank would have to take further steps to slow it down.

Mr King emphasised that the announcement in August of a pause in interest rates was an exception. "We are not in a pause," he said. Nor was the Bank wedded to raising rates in only quarter-point steps.

However, Mr King added that the risk of having to raise the cost of borrowing again was less than it had been. The report showed inflation at or below its 2.5 per cent target for the next two years thanks to a slowdown in growth next year.

City economists said the report was not as tough as they had expected. David Mackie, at investment bank JP Morgan, said: "The Bank of England is now less hawkish than most outside commentators."

Separately, official figures on unemployment and earnings yesterday helped ease inflationary fears. Underlying average earnings growth fell back to 4.25 per cent because of a reduction in overtime in manufacturing. The fall in the number of unemployment claimants, at 9,500 in October, was the smallest for a year and a half.

For the first time the Inflation Report showed the Bank's forecasts for GDP growth as well as inflation. It thinks a sharp

fall in growth next year very likely, and this explains the improved inflation outlook compared with its August report.

Even so, the range of City views about how far interest rates might climb remained as wide as ever.

John O'Sullivan at NatWest Markets said the door had been left ajar to a further small increase. But he went on: "It is difficult to see the Bank suddenly becoming very bearish and raising rates to 8 per cent by the middle of next year."

On the other hand, Kevin Gardiner at Morgan Stanley said: "The Bank is erring on the side of complacency." Mr King said the strong pound meant there must be a danger that exports would decline sharply next year. However, so far they had remained surprisingly robust and that decline might turn out to be smaller than expected. In addition, monetary growth remained too high for comfort. But he said there had been an offsetting reduction in

BMW, the German car group that forced Mayflower to abandon its planned hostile bid for Vickers, last night said its existing commercial relationship with the car parts and engineering group remained unaffected.

Mayflower, which is a supplier of body panels to BMW's Rover subsidiary, scrapped its bid plans on Tuesday night. BMW warned that if control of Vickers' Rolls-Royce car business changed it would cancel its contract to manufacture engines for the new Rolls model. BMW is one of the favourites to buy Rolls, which Vickers announced it intended to auction off two weeks ago.

There was widespread surprise that Mayflower and its advisers BZW failed to get tacit approval from BMW before embarking on preparations for a £1bn bid for Vickers.

Last night BMW denied, however, that this would hurt the two companies' relationship. "This commercial relationship is valued on its merits and will continue to develop depend-

ing entirely on the performance and conditions attaching to this commercial relationship."

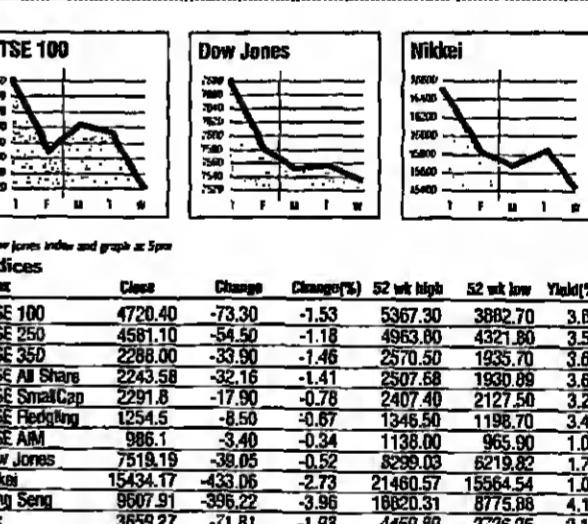
Mayflower, meanwhile, vigorously denied that it had been forced to abandon a bid because of its inability to get the offer underwritten in the City. The Swiss bank UBS is said to have pulled out on Tuesday night as joint lead underwriter of a £300m-£400m rights issue that would have provided equity funding for the bid.

However, the Mayflower camp insisted that the finance was in place and it had the support of its shareholders. The only reason it abandoned the bid, which would probably have been tabled yesterday, was because of BMW's statement.

There were suggestions yesterday that Vickers might have stitched up a sweetheart deal with BMW to sell it the Rolls marques in return for forcing Mayflower to withdraw. Vickers, however, emphatically denied this.

— Michael Harrison
Outlook, page 25

STOCK MARKETS



INTEREST RATES

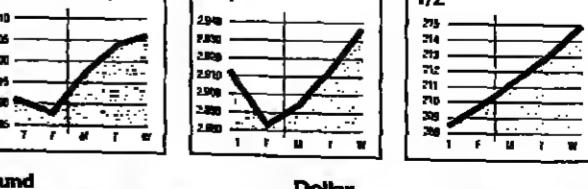


Money Market Rates	3 month	1 year	1 yr chg	10 year	1 yr chg	Bond Yields	10 year	1 yr chg
UK	7.72	1.34	7.96	1.10	6.78	-0.90	6.68	-1.22
US	5.86	0.38	6.06	0.35	5.92	-0.27	6.15	-0.29
Japan	0.48	0.02	0.52	-0.18	1.90	-0.98	2.47	-0.98
Germany	3.75	0.57	4.18	0.85	5.86	-0.20	6.26	-0.49

MAIN PRICE CHANGES

Rises	Price (b)	Chg (b)	% Chg	Falls	Price (b)	Chg (b)	% Chg
Alled Coloids	117.00	14.50	14.1%	Philips	131.00	-17.00	-11.4%
Vickers	248.00	20.50	8.7%	Mayflower Corp	169.50	-15.00	-8.5%
BICC	199.50	9.00	5.6%	Securicor	565.00	-22.50	-3.8%
CRT Group	360.00	19.00	5.5%	McLachlin	583.5	-13	-3.7%

CURRENCIES



Cable & Wireless to raise £1 bn by selling off holdings

Cable & Wireless yesterday pledged to raise £1 bn by the next 12 months by selling businesses which it does not control. As *Arthur Andersen* reports, C&W is spoilt for choice on what to dispose of first as it has holdings of 20 per cent or less in 50 companies world-wide.

Analysts said there were three businesses in particular that C&W would aim to sell. They reckon it could raise £450m from selling Bouygues Telecom, a French cellular telephone business; £100m from its stake in MTN, a South African cellular operation; and up to £1.2m from Japanese cellular companies in markets such as Tokyo.

Robert Lerwill, finance director, said: "We will only continue to invest in companies we can get significant influence or control over."

C&W will continue focusing on Asia and Australia, the Caribbean and Central America, the US, the UK and parts of Europe. The company is however set to scale down its presence in Latin America and Africa.

Profits before tax and ex-

ceptional items were up 9 per cent at £97m, above analysts' expectations. As a result, the shares were hardly affected by sharp falls on the stock market. They closed just 7p down at 478p.

"We have been looking for double-digit growth from all our businesses and we've achieved that," Mr Lerwill said. He added that the figures were particularly pleasing, despite the negative impact of currency movements.

Dr Smith has overseen the company through a difficult period of transition after the joint departure last year of Lord Young and James Ross as chairman and chief executive respectively. He said yesterday: "With Dick Brown and his new team now very well established, and the future clearly mapped out, I believe the time is right for me to prepare the way for my successor."

During the past six months, Mr Brown's strategic overhaul has resulted in several big deals. C&W's position in the UK has been boosted with the launch of Cable & Wireless Communications via a four-way merger of Mercury Communications, Nynex, Bell Cablemedia and Videotext.

Some analysts were more positive, though. John Clarke, telecoms analyst at Daiwa Research Institute, said: "This is a company that's recovered its self-confidence. I and other

analysts will be upping our forecasts despite the rise of the pound."

Yesterday's news was also accompanied by an announcement that Dr Brian Smith, chairman, would retire after the annual general meeting in June next year. He is to be succeeded by Sir Ralph Robbins, who is chairman of Rolls-Royce and has been a non-executive director of C&W for three years.

During the period, C&W spent £1.6bn on acquisitions in Panama and Australia, and on its continuing programme of capital expenditure.

Mark Lambert, telecoms analyst at Merrill Lynch, said Dick Brown's work since he was appointed chief executive just over a year ago had been encouraging. "The strategic image of C&W is building," he said.

"The work Dick Brown has done and is telling us that he will do is encouraging to shareholders."

However, he added that C&W still faced problems because of the strong pound and the turbulence in the Far Eastern markets.

Some analysts were more positive, though. John Clarke, telecoms analyst at Daiwa Research Institute, said: "This is a company that's recovered its self-confidence. I and other



Dick Brown, chief executive, is pleased to boost C&W's strategic image. Photograph: FT

With Orange you can...

BT's standard rates. And you can get the best rates in the UK by switching to Orange. The cost of calling to the UK is now just 10p/min. And the cost of calling to France or Germany is 12p/min. So you can save up to 30% on calls to the UK. And the cost of calling to the USA is just 15p/min. And the cost of calling to Australia is just 18p/min. And the cost of calling to New Zealand is just 20p/min. And the cost of calling to South Africa is just 22p/min. And the cost of calling to Canada is just 24p/min. And the cost of calling to Mexico is just 26p/min. And the cost of calling to Japan is just 28p/min. And the cost of calling to South Korea is just 30p/min. And the cost of calling to Hong Kong is just 32p/min. And the cost of calling to Singapore is just 34p/min. And the cost of calling to Thailand is just 36p/min. And the cost of calling to Malaysia is just 38p/min. And the cost of calling to Indonesia is just 40p/min. And the cost of calling to the Philippines is just 42p/min. 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OUTLOOK ON THE SALE OF BZW. MAYFLOWER'S BID THAT NEVER WAS FOR VICKERS, AND WHY INTEREST RATES HAVE NOT YET PEAKED

Barclays is right to get out of investment banking, for plainly it has little talent for the fast-buck, wheeler-dealing attributes of this extraordinary industry. With negotiating skills of the type brought to bear on the disposal of BZW, it is amazing Barclays lasted as long as it did in the game. Nor is it any surprise that Martin Taylor, Barclays' chief executive, has been looking so frazzled of late. According to the *Financial Times*, one disgruntled employee last night, BZW's equities and corporate finance arms were sold yesterday for rather less than half their annual revenues. That makes the investment bank probably Britain's cheapest company.

It is a terrible blow for Mr Taylor, whose cool, intellectual approach to business has been cruelly tested by the execution of this disposal. By general consent, it was the right deal, but it came two years too late and was bungled disastrously. This is not a transaction likely to feature much in the promotional literature of Goldman Sachs, which handled the sale.

To put the price in context, Barclays is receiving about the same amount for the pretty substantial businesses it has sold to CSFB as NatWest paid for Hambros Magan, the little corporate finance boutique it snapped up recently during its own misguided foray into investment banking. While it could fairly be argued that NatWest was more than a little generous to George Magan and chums, the comparison is none the less an unflattering one. Despite its perceived problems, BZW is still a top-five player in British equity trad-

ing, corporate broking and equity research. The price achieved for this business is but a fraction of the amount spent by Barclays building it up from the mid 1980s onwards. Earlier this year BZW's share price was being talked up in the back of *equities* that the investment bank could be flogged off for more than £20m. Admittedly, the bits CSFB finally bought only represent around a third of the whole of BZW, but even so this is a dismal price.

CSFB emerges as a real winner, catapulting itself into the European big league in equities and advisory work for a snippet.

It deserves real plaudits for the way it played its cards, waiting for its main US rivals to abandon the chase so that in the end it was able to dictate its own terms.

What now for Mr Taylor? A charitable view of the deal was that it was the least-worst option. At least Barclays has avoided pouring any more good money down a bad hole. But high-fliers have further to fall than lesser mortals. Mr Taylor will have to work hard to restore his star status in the City.

A nasty dent for Mayflower

When investment banks are on the block and looking for the best price, there is always a danger they will overstretch themselves in their determination to prove their worth. Such appears to have been BZW's fate in advising Mayflower on the bid that

never was for Vickers. BMW's decision to bring proceedings in a grinding halt by threatening to stop making engines for Rolls-Royce has left considerable egg on face. The more serious damage, however, appears to be to the reputation of Mayflower's chief executive, John Simpson, who suddenly begins to look mortal.

Despite BMW's soothing words last night, it is hard to see how Mayflower can reverse out of this tight space without a nasty dent, having antagonised its two biggest customers in the space of a fortnight.

Mayflower appears to have thought it had obtained the tacit approval of BMW to proceed with its bid, at least an understanding that the German car maker would remain neutral. Sadly, something appears to have been lost in the translation. BMW is itself intent on adding Rolls to its collection of faded British motorising marques.

If Mr Simpson and Mayflower did not know this, then they cannot have been reading the motoring press for the last three years. How they came to misread the signals so disastrously is a mystery. Unless, of course, you subscribe to the other theory doing the rounds yesterday—that Sir Colin Chandler and Bernd Pischetsrieder have struck a sweetheart deal. BMW gets Mayflower's tanks off Vickers' lawn and in return is handed Rolls-Royce without the tiresome chore of an expensive auction.

Given BMW's connections with Rolls (it makes the engines) and Mr Pischetsrieder

his sentimental attachment to the proud old names of British motoring, it must be in pole position. But to assume it will get Rolls at a knock-down price supposes that Vickers shareholders, led by Schroders with 20 per cent, are all fast asleep in the back seat. This is about as likely a scenario as Mayflower assembling a plausible bid.

Too optimistic on inflation

It should probably come as no surprise that the Bank of England's Inflation Report should start to show inflation hitting its target for the foreseeable future. The obvious question is: if it did not, would be why had the Monetary Policy Committee not done something about it? For the report is no longer a critique of the Chancellor, but rather a justification of the new committee's decisions.

The trouble is, as Mervyn King, the Bank's chief economist, admitted yesterday, that the Bank is being unusually optimistic in its inflation forecast, which is predicated on interest rates staying at 7.25 per cent. The prediction assumes a convenient and sharp slowdown in growth, but one that keeps it below trend for only a few quarters before taking off again. What if the economy enjoys a few more quarters of boom before starting to slow significantly? Or what if other economists are right that inflation will not remain at

2.5 per cent without a more sizeable dip in growth?

In either of these scenarios, the Bank will find itself having to react month by month to the economic statistics. Take retail spending. Yesterday's report placed a lot of weight on a Mori survey showing that most of the £36bn free share windfalls would be saved, and said the effect was therefore fading. However, the survey was conducted in August and asked people whether they had spent or saved their windfall. Many who were saving it this summer could be spending it before Christmas. Even without the windfalls, incomes and wealth have risen strongly in the past year and will encourage consumers to have a very jolly festive season.

There are caveats, of course. World stock market turbulence casts a shadow over growth, as does the fear that the strong pound will eat into exports. Few would challenge the notion that the economy is going to slow next year. There are also a lot of uncertainties in world financial markets which might spill over into growth. The Bank is therefore right to keep an open mind on interest rate moves. By the same token, however, it was also right to raise rates last week. More likely than not, the Bank will have to opt for another modest rise in rates before putting them on a downward path. The Bank has been consistently over-optimistic about inflation. If it is wrong again, interest rates will have to climb quite a lot higher. Eight per cent begins to look a more plausible peak than 7.5 per cent.

Etam goes to French group for £93m

Etam, the troubled women's wear retailer, has accepted a £93m takeover from its French namesake, Etam Développement. The deal brings together two separate companies founded by the same family in the 1920s. But it ends the hopes of the privately owned New Look of achieving a stock market listing via a reverse takeover. Nigel Cope, City Correspondent reports.

The deal ends weeks of speculation about the future of Etam which announced last month that it was in talks that could lead to a takeover. New Look which was tipped early on as the most likely bidder, said yesterday that it was approached by Etam earlier this year but had no plans to make a counter-offer. It will concentrate instead on organic growth but a stock market listing in the next couple of years is considered likely.

Etam Développement said the deal would bring together the different parts of the Etam brand to form a powerful force with almost 1,000 shops. The French division already has 700 outlets in France, Belgium, Luxembourg, Spain and Germany. These operate under the Etam and "1.2.3" formats.

It is expected to spend around £300m over the next three or four years on turning around the loss-making UK company. Etam has 215 stores in the UK but has been strug-

gling with poor buying and stock problems.

No store closures or head office cuts are planned. But the new French owners will focus on a faster roll-out of the new-format Etam store, which has achieved good results. It said the larger group would also benefit from greater buying power.

Etam Développement is offering 135p per share, valuing the group at £93m. This is a 23 per cent premium to the share price before bid speculation surfaced last month. Etam shares closed 13.5p higher yesterday at 133.5p.

It has already received irrevocable undertakings from the Oceana Group headed by Michael Lewis and other board members which account for 46 per cent of Etam shares. Oceana is taking the share alternative, which will give it 8 per cent of the enlarged group.

Etam was founded in 1916 in Germany as Establishments Mayer by Max Lindemann. Initially a manufacturer of stockings, it moved into retailing in 1923 and the UK company was established in 1923. However, the businesses were always kept separate. In the UK Etam became known as "Everything To Attract a Man" with a high fashion, Essex-girl image.

The shops will keep their brand identity and Nick Hollingworth will remain chief executive. Five top managers from the French group will move to Britain to help run the UK business. Michael Lewis and Raymond Davies, two of the Etam board, will join the supervisory board of Etam Développement.

Last week Etam reported increased losses of £9.55m for the half year.



The Channel Tunnel: Eurotunnel's fares are expected to rise by 5-10 per cent next summer

Eurotunnel prepares to put fares up

Eurotunnel yesterday forecast that fares on cross-Channel routes would rise by up to 10 per cent next year, buoyed by the imminent approval for the F&O-Stena ferry merger which is expected to lead to cuts in capacity and firmer prices.

The forecast came as the Channel Tunnel operator announced that it had finally recovered from last November's fire on board a freight shuttle, with traffic numbers slightly up on their levels a year ago.

Bill Dix, Eurotunnel's commercial director, said he expected its fares to rise by 5-10 per cent next summer – increasing

the price of a standard £169 return car journey by up to £17. He also forecast that some of the excessive fare promotions of last summer, such as trips across the Channel for £1, would disappear. Eurotunnel is due to unveil its new fare structure in mid-December.

Turnover in the third quarter was up marginally on a currency-adjusted basis to £132m and Eurotunnel said it was on course to meet or exceed its target of a £54m operating profit before interest charges for the full year.

Last month the tunnel carried 242,345 cars against 241,273 in October

1996, giving it a market share of 45 per cent. Mr Dix said it was on course to reach 50 per cent. Eurostar meanwhile carried 516,000 passengers in October compared with a little over 498,000 a year ago.

Eurotunnel regained market leadership on the Dover-Folkestone-Calais freight market with a 32 per cent share although lorry numbers are still down on a year ago. Eurotunnel plans to start running three additional freight shuttles next September, increasing its capacity by 25 per cent.

—Michael Harrison

Harman set to unveil second-tier pensions for low earners

Plans to bring the eight million who make no private pension provision within second-tier arrangements will form the centre piece of the Government's pensions review, to be published within two weeks.

Pension providers are meanwhile urging the Government to privatise Serps, the state earnings-related pension scheme. Andrew Verity looks at the options facing Harriet Harman, social security minister.

At a conference this week, Ms Harman said that the Government's proposals would be aimed primarily at the third of the working population, equal to 8 million people, who are blocked from saving for retirement because of a poor pensions regime.

Ms Harman told the City Forum conference on low-cost pensions: "The present system does not provide everybody with the opportunity to build a secure retirement."

"Across Britain there are millions of working men and women who are locked out of the non-state second pensions market because of intermittent or low earnings, part-time working and unstable employment. Doing nothing for these

people is not an option."

Ms Harman and her deputy, John Denham, are set to propose a new category of low-cost, second-tier pension, to be called a stakeholder pension, following a consultation exercise which ended last week. The key criterion for the new pension is that it is cheap, allowing low-income groups to participate.

But the consultation has unveiled dramatic differences between pension providers, who are overwhelmingly in favour of full privatisation of Serps, and Labour's grassroots supporters, who insist it must be kept in state hands.

Under the present system, national insurance contributions pay for the basic state pension and Serps. If savers want a

private pension, they can elect to have their national insurance paid into a private scheme which must guarantee benefits at least equivalent to Serps.

Private providers, including Standard Life, Norwich Union and Friends Provident, are pressing the Government to abolish Serps and replace it with private schemes including the new stakeholder pension.

By making private, funded schemes compulsory, providers argue that savings costs, which at the moment make up 46 per cent of the cost of pensions and eat up over half of the first two years' contributions, can be sharply reduced.

Standard Life claims a poll of 1,874 people conducted by Mori produced 53 per cent sup-

port for compulsory private schemes. Andrew Black, marketing manager, said: "People accept that compulsion may be necessary to make sure that saving for retirement is translated into reality. It is our view that compulsion will certainly be necessary if the Government is to achieve its aim of pension coverage."

The National Association of Pension Funds, which represents employer-sponsored schemes controlling more than £300bn of assets, is urging that employers and employees pay a total of 10 per cent of earnings into a funded scheme.

The Engineering Employers' Federation is pressing Labour to reverse a reform introduced in 1988 without which there

would have been no pension mis-selling scandal. Under its proposal, employers could once again compel employees to join their own, in-house pension scheme.

Ms Harman said stakeholder pensions would be based on industry, occupation or locality and would have to be specifically approved by regulators, or "kitemarked". They would have much lower charges than personal pensions and should not penalise people who move from one job to another.

While personal pensions were originally advertised as being portable between jobs, there are in fact heavy penalties levied on those who leave personal pensions for better occupational schemes.

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TAI joins Airbus

Tussa Aerospace Industries said it has been admitted to the military Airbus consortium as a full member after three years of trying to join. It will make cabin parts for Airbus military cargo planes, namely the central fuselage, the front access ramp and the doors. The partnership will give TAI a business volume of \$2bn (£1.2bn) over the next 15 years.

Royal moves into Chile

Royal & SunAlliance has agreed to acquire from La Camara Chilena de la Construcción a 40 per cent stake in Chilean life assurance company, La Construcción, for around £75m cash, of which £34m will take the form of new equity in La Construcción. The agreement contains an option for Royal & SunAlliance to increase its holding to 51 per cent after 31 December 1998, and put and call options through which it could increase its holding to 100 per cent. La Construcción is the third-largest Chilean life assurance company with a 1996 market share of around 5 per cent.

NatWest presents case for Whitbread takeover of Greenalls

MARKET REPORT



DEREK PAIN

An impressive case for Whitbread, firm at 794p, to abandon the beverage, a move it has strongly denied features in its corporate thinking.

Greenalls has been a big disappointment since it retreated from brewing to concentrate on retailing and wholesaling. Its shares have crashed from 633p last year to 315p, closing unchanged at 367.5p.

NatWest maintains Greenalls' management does not have "a credible strategy" to improve the group's display and is "on a path on which it is destined to continue destroying the value of the company".

A hostile bid is not expected. Assets are around 362p a share and a bidder is unlikely to offer much of a premium. A "friendly merger" is a more "workable option". But such a deal would force

Whitbread, firm at 794p, to abandon the beverage, a move it has strongly denied features in its corporate thinking.

Yet the resulting group would be in a powerful position. It would be the largest pubs chain, able to dictate terms to the remaining brewers. And Greenalls' up-market De Vere hotels would blend with Whitbread's Marriott hotel operations.

Rumours of takeover bids have intensified since Greenalls rolled out a profits warning in September. Allied Domecq and Rank are names in the frame.

The rest of the stock market suffered another dull, cross-day with more Far Eastern squalls, a cautious Bank of England view on inflation and higher interest rate fears combining to squeeze down on shares with Footsie, at one

time off 113.3 points, ending 73.3 lower at 4,720.4. Supporting shares were also hit. A strong sterling display took a cruel toll of exporters.

With Footsie nearly 600 points below its peak, achieved only six weeks ago, there are growing uncertainties about the direction of shares. The shake-out is making many private investors anxious as they see profits evaporating. To some extent the decline is self-feeding with the market now in one of its moods when it ignores positive signs, dwelling remorselessly on bad news.

In such a climate it's a flight to quality and defensive stocks. Marks & Spencer, with Pannier Gordon drawing attention to its European operations, scored on the quality argument, up 1p at 584p; utilities were buoyed on their defensive merits with Thames

Water leading the way, up 21.5p to 878.7p.

Among those hit by sterling's strength were engineer Siebe, meeting analysts and fund managers tomorrow, down 31p to 1,069p and Glynned International, down 12p to 221p, Imperial Chemical Industries retreated 24p to 841p.

Results met a mixed response. Commercial Union

tumbled 55p to 745p although figures were in line with market expectations. The strong pound and a rumoured BZW downgrade did the damage.

British Energy's confident interim statement lifted the shares 13p to 385p.

Barclays' cut-price BZW

sale left the shares limping along at 1,480p, off 23p. Vickers, as Mayflower was harassed by BMW, the German car maker, into abandoning its takeover ambitions, fell 18p to 235.5p; Mayflower held at 176.5p.

Takeover activity provided some action. Etam rose 13.5p to 133.5p on the \$93m French bid; Care First, the troubled nursing homes chain, put on 12p to 153.5p as Bupa's £241m offer was rejected; the market is looking for an American counter at around 170p.

Taylor Nelson, the marketing information group, fell

TAKING STOCK

Loss-making Roison, the luxury goods group, fell 1p to a 10p low on rumours the would-be bidders are preparing to walk away. The presence of the as yet unidentified predators was revealed in August. When it produced a £5.3m interim loss last month Roison said talks continued.

Flamboyant Howard Hodgson moved in on the former brewing business two years ago and the shares subsequently touched 65.5p. But the group ran into difficulties. Mr Hodgson, who left in June, was blamed for the slump.

European Mining Finance held at 22p as rebel shareholders removed three directors, including chief executive Christopher Hall. Gordon Montgomery and ex-PR man John Gooder were voted on to the board. In the nine months to end September EMF lost \$504,000.

10 week	High	Low	Stock	Price	Chg	Ytd	P/E	Code	10 week	High	Low	Stock	Price	Chg	Ytd	P/E	Code	10 week	High	Low	Stock	Price	Chg	Ytd	P/E	Code		
Alcoholic Beverages									10 week	High	Low	Stock	Price	Chg	Ytd	P/E	Code	10 week	High	Low	Stock	Price	Chg	Ytd	P/E	Code		
602 402 Allied Domecq	1,020	910	412	925	-100	-10	10	ND	200 200	Footsie	1,020	910	412	925	-100	-10	10	ND	200 200	Footsie	1,020	910	412	925	-100	-10	10	ND
602 402 Allied Domecq	1,020	910	412	925	-100	-10	10	ND	200 200	Faber	1,020	910	412	925	-100	-10	10	ND	200 200	Faber	1,020	910	412	925	-100	-10	10	ND
602 402 Allied Domecq	1,020	910	412	925	-100	-10	10	ND	200 200	Faber	1,020	910	412	925	-100	-10	10	ND	200 200	Faber	1,020	910	412	925	-100	-10	10	ND
602 402 Allied Domecq	1,020	910	412	925	-100	-10	10	ND	200 200	Faber	1,020	910	412	925	-100	-10	10	ND	200 200	Faber	1,020	910	412	925	-100	-10	10	ND
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602 402 Allied Domecq	1,020	910	412	925	-100	-10	10	ND	200 200	Faber	1,020	910	412	925	-100	-10	10	ND	200 200	Faber	1,020	910	412	925	-100	-10	10	ND
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27/BUSINESS

Shares fall as Hambros fails to reassure investors

Hambros disappointed its shareholders yesterday by refusing to give any details of the ongoing strategic review being conducted for the group by the rival Schroders. Tom Stevenson, Financial Editor, reports on the continuing problems at the insurance, estate agency and banking group.

being considered by the group was to invite a takeover bid. He said: "We recently announced that we are carrying out a review, assisted by independent advisers, of the best ways of improving performance and returns to shareholders. As soon as we are able to make any further statement to shareholders on progress we shall do so."

Profits for the half year to September emerged slightly ahead of expectations at £52.9m (£35m), although the result included an exceptional credit of £6.8m compared with one-off charges last time of £2.9m. The improvement was, however, driven almost exclusively by Hambros' investments in the Hambro Countrywide chain of estate agents and in Hambro Insurance Services.

Profits from estate agency soared on the back of the thriving housing market in London and the South-east from £10.5m to £24.2m. Insurance Services more than doubled from £4.5m to £9.8m.

The core banking and investment businesses saw underlying profits fall, with banking almost halved from £10m to

Sir Chips Keswick said yesterday that Hambros "was actively pursuing a number of options" but declined to give any further details of how it planned to improve its performance. The absence of any news, together with disappointing results from Hambros' core banking business, saw the depressed shares fall another 12.5p to 24.5p.

Recent speculation has focused on Germany's Westdeutsche Landesbank, which is believed to have approached Hambros with an informal offer. Sir Chips refused to say whether one of the options

Vanguard to raise £47m for research

Vanguard Medica, the biotech company backed by some of the most famous names in drug discovery, announced it is raising funds worth almost half its market capitalisation for future research. The company is raising £47.9m through a placing and open offer and warrants issue. The shares yesterday closed down 12.5p to 432.5p.

Robert Mansfield, Vanguard's chief executive, said the company, with £33m cash in the bank, needed the money to attract partners for newer projects. "We need to be able to reassure big pharmaceutical

companies that we have adequate resources." He said the money would be sufficient for three years' R&D. Vanguard's lead product is an anti-migraine drug, due to be submitted for approval next year, but it is working in other areas, including asthma and psoriasis.

Analysts said that the fund-raising was timely, coming ahead of a likely boom in biotech new issues next year which could drain funds from the market. The fund-raising is being backed by NM Rothschild's Biotechnology Investment Trust, which is investing

— Sameena Ahmad

£5m. In a complex and novel financing, for every 11 shares held, Vanguard investors will buy a unit for 12.15p, comprising three ordinary shares priced at 4.05p and two warrants exercisable at 500p by 11 December 1998.

Vanguard's directors include Sir David Jack, who as head of research at Glaxo was responsible for ulcer treatment Zantac, once the world's biggest selling drug and Sir John Vane, the Nobel prize winner who was formerly head of research and development at Wellcome.

— Sameena Ahmad

THE INVESTMENT COLUMN

EDITED BY SAMEENA AHMAD

New strategies boost C&W

Since the prolonged bout of jitters in the Far East markets, shareholders in Cable & Wireless have had something of a white-knuckle ride. So it was all the more surprising that, despite the fall in the Hong Kong markets on Tuesday night, C&W shares held their own, closing just 7p down at 478p.

Investors should be encouraged by the strategies unveiled by Dick Brown, C&W's group chief executive. Plans to raise £1bn from disposal of businesses in which C&W does not have management control pleased the market yesterday.

The figures were a pleasant surprise too. Before tax and exceptional items profits for the six months to September rose 9 per cent to £797m, above market expectations. In the past year, the group's customer base has increased by 50 per cent to more than 15 million, and its mobile business is adding a healthy 50,000 new customers a week.

On Merrill Lynch pre-tax forecasts of £1.5bn for 1998, C&W trades on 17.7 times for 1998. Worth a flutter.

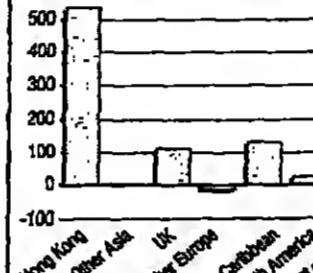
Cable & Wireless: At a glance

Market value: £10.8bn, share price 478p (-7p)

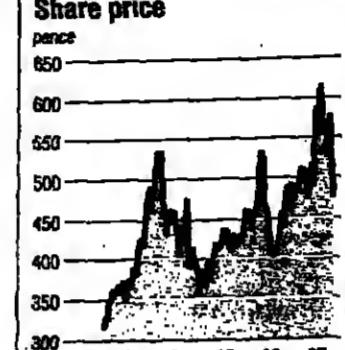
Trading account	1996	1997	1998	Half year to 30 Sept
Turnover (£bn)	5.1	5.5	6.1	2.8
Pre-tax profits (£m)	384	424	478	177
Earnings per share (p)	11.5	27.5	30.3	16.1
Dividends per share (p)	9.05	10	10.5	5.5

Regional operating profit

6 months ending 30 September (£m)



Share price



probably come under further downward pressure. Forecasts for 1998 put C&W on an expensive 19 times earnings. Avoid.

Strong market in electrical supply

Electrocomponents, the electrical supplies distributor, may be dull, but it is definitely worthy. The shares have almost trebled in the past five years as the group has gradually strengthened its grip on its core market of distributing electrical supplies and components to engineers who need fast, efficient service and are prepared to pay for it.

Half-year figures, reported yesterday, showed good underlying progress though the headline numbers were hit by currency factors. Pre-tax profits rose 8.5 per cent to £52.4m, though £700,000 was lost to the effects of sterling's strength.

The other concern is the UK, which accounts for more than two-thirds of group sales. UK sales are ahead by an underlying rate of 5.4 per cent. This is slower than previous years and growth has been constrained by the financial pressure on Electrocomponents' export-led customers. However, the company says there is room for growth as it is still only serving a third of its potential customer base. It is also hoping to lower costs by encouraging customers to order from the CD-Rom version of its catalogue rather than the printed version, which comes in six volumes.

Elsewhere, Europe offers good growth opportunities as the markets there are less well-developed. The Far East is also growing strongly, regardless of the impact of the financial turbulence on those economies. Underlying growth there is a healthy 26 per cent.

Net cash of £103m will be used in part to fund higher capital expenditure in the second half, rising from £7m to £30m. On upgraded full-year forecasts of £121m in the shares, up 0.5p to 435p yesterday, trade on a forward rating of 22. That is a 40 per cent premium to the market. Though this is a solid stock with a good track record, the value is already reflected in the price.

CU is not really such a laggard

It is unfortunate for Commercial Union that all the insurers announce their results at once. CU's interim figures, released yesterday, prompted some unfavourable comparisons with rival General Accident. CU announced

an 11 per cent increase in turnover, and the Americas delivered double-digit growth in the first half. The profits included five months' contribution from the UK telephone and cable TV business, Cable & Wireless Communications — formed from a four-way merger of Mercury Communications, Nynex, Bell Cahiermedia and Videotron. C&W took a £200m charge to restructure CWC, but has promised to deliver synergy benefits in excess of £100m by the end of the financial year.

More generally, the recent interest in long-distance US phone businesses such as MCI could boost the valuation of C&W Inc, the eighth-largest long-distance business in the States, as companies like BT get hungry for acquisitions again.

But there is a downside. Profits would have risen 14 per cent in the six months were it not for the adverse effects of currency. That remains a risk. Likewise, although Far Eastern turmoil failed to impact on the share price yesterday, investors should be warned that C&W's control of Hongkong Telecom still leaves the company exposed to the vagaries of the Hong Kong market.

If constant, rather than prevailing, exchange rates are used, CU's profit growth over the last nine months is a far more respectable 15 per cent. Prudent accounting policies also make CU's figures look worse than some of its competitors.

Finally, although GA's performance in UK underwriting looks far superior to that of CU — GA turned in a tidy £5m profit over the last nine months, whilst CU lost £28m — the underwriting business depends on uncontrollable factors like the weather. There is no real reason why GA's and CU's respective positions could not reverse next year.

Just because CU doesn't look so bad, that doesn't necessarily make it look particularly attractive. Quite the reverse. Buoyed by recent takeover speculation, CU's shares currently look overvalued.

In a falling market, the group's share price fell by 7 per cent to 745p yesterday, also because the group's net asset value per share figure fell below City expectations. But, given the difficult insurance climate — competition is fierce and the insurance cycle is in a downswing — CU's share price will

RJB cuts 400 jobs in South Yorkshire

More than 800 jobs were lost yesterday in the Yorkshire mining and South Wales refining industries, but Abbey National countered the bad news with an announcement that it was creating 500 jobs.

RJB Mining announced that 400 jobs would be lost at Matlock Colliery in Rotherham, South Yorkshire, blaming the strong pound and uncertainty over contracts to supply power companies with coal. The jobs represent more than two-thirds of the pit's workforce, which will be reduced to 140.

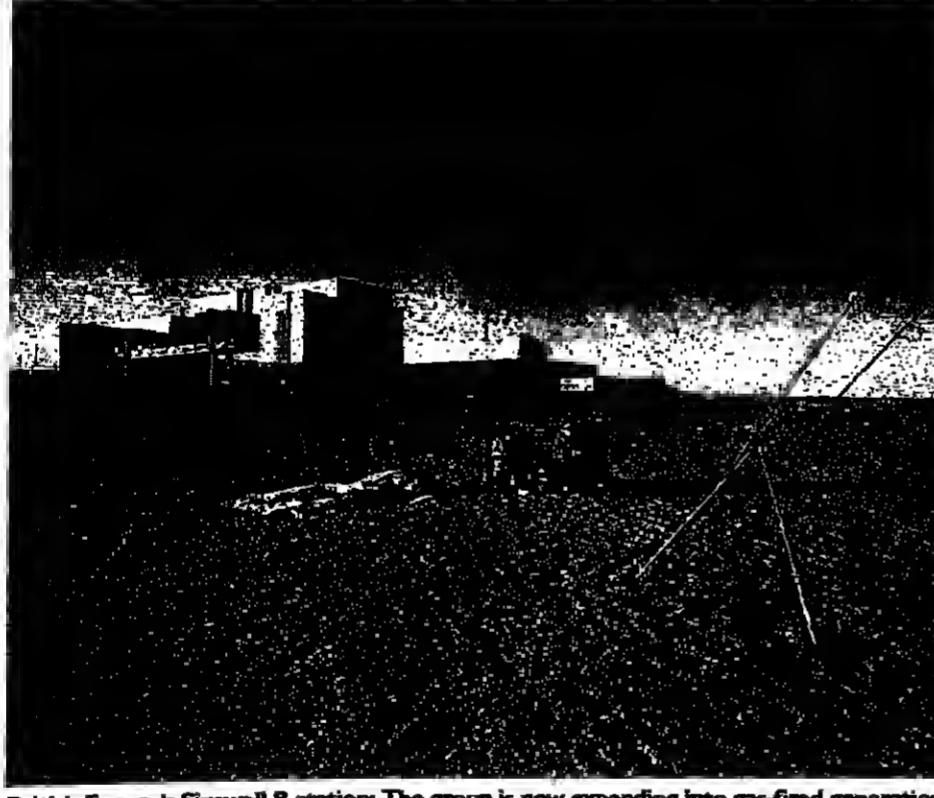
A spokesman for RJB said: "Because of the uncertainty over contracts it's a prudent step to stop work on developing new reserves we may not need. When the contracts, which run from March, have been agreed we will be in a position to decide if and when further action is needed to bring output in line with sales."

A further 400 workers will lose their jobs at a lubricants plant in Llandarcy, near Swansea, owned jointly by BP and Mobil. The plant is set to close in 1999, with workers forced to leave by mid-1998.

The closure follows separate cutbacks in the South Wales oil industry at a refining plant in Milford Haven, Pembrokeshire. More than 270 staff and 130 contractors will lose their jobs at Llandarcy, with knock-on effects on Swansea docks, who handle products for the plant.

David Morris, Labour MP for South Wales West, said the efforts of both unions and management had failed to counter market forces. "We did everything we could, but today's announcement comes as a grave blow to an area in which high-paid, high-skills jobs are scarce."

However, Merseyside is set to benefit from the creation of 500 jobs at Abbey National. The bank is setting up a multi-million pound centre for selling home insurance over the telephone. The centre opened yesterday at a refurbished dock building in Liverpool.



British Energy's Sizewell B station: The group is now expanding into gas-fired generation

British Energy hints at cash handout to shareholders

British Energy, the nuclear electricity generator, yesterday hinted at a cash hand-out to shareholders next year as it unveiled better-than-expected interim results and said it was close to appointing a new chief executive. Michael Harrison reports.

Announcing a £4m pre-tax profit for the first half and a further sharp reduction in borrowings, John Rohr, chairman, said British Energy now planned to draw up a dividend strategy to present to shareholders in the next 6 to 12 months.

Analysts expect the company to have paid off all the £700m of government debt that it was floated with 18 months ago, making it cash-positive and giving it wide scope to reward shareholders with a special divi-

idend or buyback. British Energy has repaid £521m of debt and now has gearing of just 12 per cent but said it would be comfortable with up to 35 per cent.

This would give it enough firepower to finance its planned expansion into gas-fired generation and overseas nuclear markets and support a sizeable return of capital to shareholders.

Mr Rohr also disclosed that the group aimed to appoint a new chief executive to replace Dr Robert Hawley early next month. His replacement has been selected and is understood to come from the oil industry, possibly BP or Shell.

British Energy also announced a further extension of its alliance with Southern Electricity, the regional power distribution company. The two groups have formed a joint venture, Sabre Power, which intends to invest up to £500m in a series of small gas-fired power stations which will plug directly into the local electricity net-

work and feed large industrial customers.

British Energy and Southern

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RUGBY UNION

Macqueen's eye on youth as he seeks great escape

Two new coaches, two teams in transition, two major rugby union powers in need of a victory. England and Australia are big players on the world stage, yet both will be starting afresh at Twickenham on Saturday after recent shake-ups fuelled by failure and recrimination.

Chris Hewett turns the spotlight away from an unfamiliar-looking red rose army and shines it on an equally unsettled Wallaby outfit.

Clive Woodward has done his level best to establish rugby as a young man's game by sending five virgin soldiers into Saturday's intriguing skirmish for the Cook Cup, but while the England coach has broken new ground on the "yoof culture" front, the Australians are still masters of all they survey when it comes to cradle-snatching. Step forward Elton Flatley, a 20-year-old outside-half from Queensland who spent his school years matching, if not overshadowing, the precocious achievements of his great Wallaby forerunners, Mark Ella and Michael Lynagh.

Flatley replaces the injured

David Know as one of three changes to a side depressingly beaten by Argentina last weekend. It will be his first Test and if he fulfils even a fraction of the promise he showed as one of the finest schoolboy players ever seen Down Under, the new national coach, Rod Macqueen, will fall to his knees and whisper a prayer of thanksgiving.

While Woodward could very definitely use an even break in his first international as the England helm, Macqueen is desperate for one. Hell hath no fury like a retired Wallaby with a verbal axe to grind and as soon as David Campese, among others, had digested the full implications of events in Buenos Aires, they let rip with a vengeance. The coach, appointed a mere 10 weeks ago, is already under the cosh and should his side fail once more against deeply inexperienced opponents on Saturday, his current headache will turn into a full-blown migraine.

In fact, Macqueen might easily be feeling more uncomfortable still as he prepares to take on a Twickenham full-house for the first time. Flatley was tempted by a rugby league offer from one of the big-spending Sydney clubs worth a reputed £1.2 million Australian dollars (£600,000) over three years and the Wallaby arm-twisters had to work overtime to keep him on board. That doesn't surprise him. "The feeling in our party is that they've tried to pick an attacking side, one capable of running the ball. That doesn't surprise me. We Australians have been



Running the gauntlet: John Eales (far left) oversees the Wallaby pack as it prepares for Saturday's Twickenham showdown

Photograph: Peter Jay

Cross, Craig Wing and Joel Wilson – to the 13-man game and the loss of Flatley was too awful to contemplate.

As it is, he will line up on Saturday opposite Alex King, who has all of 22 minutes' worth of international experience behind him. "We don't know very much at all about the England side as a whole, although I've just been watching some video footage of Alex," Flatley said yesterday. "The feeling in our party is that they've tried to pick an attacking side, one capable of running the ball. That doesn't surprise me. We Australians have been

pretty critical of English rugby down the years but I think the Premiership clubs are doing some exciting things now. They seem to be getting the hang of it."

Macqueen's remaining personnel changes are in the back five of the scrum, where John Langford, of Australian Capital Territory, replaces Warwick Waugh the second row and Willie Ofahengaue, whose mega-hit performances during the Wallabies' triumphant 1991 World Cup campaign registered 9.5 on the Loum Scale, takes over from Troy Coker, the former Harlequin, at No 8.

It was, however, a clear sign of Macqueen's indecision that he should have felt obliged to delay naming his side on no fewer than four occasions. The forward unit is giving him nightmares, while the Wallabies have undoubtedly ability on wide, their pack is but a pale shadow of the one driven along with such controlled power by Willie O and company between 1991 and 1994. Only John Eales, the captain, fits into the world-class bracket, although Richard Harry, the loose-head prop from New South Wales, has a thoroughly good look about him.

"England? Well, I know they have five new caps. Am I surprised or worried about that? It depends how good those five players turn out to be,

defeat, we're not at all happy with it and although I have not heard the criticism aimed at us back home, you have to expect it when you lose the way we did," Macqueen said. "This Test against England is all about focusing on our own game. I'd like it to be a decent spectacle – the matches in Argentina were not so good from that point of view – but the importance is to develop the style we're looking for."

"England? Well, I know they have five new caps. Am I surprised or worried about that? It depends how good those five players turn out to be,

doesn't it? I actually met Clive Woodward for the first time in a lift in Buenos Aires a couple of weekends ago and we had a drink and a natter, but he didn't give much away. We'll know more about England at the end of this game but more crucially from our point of view, we'll know more about ourselves, too."

AUSTRALIA v ENGLAND Twickenham, Saturday, 15 November: S Larkham (Australian Capital Territory), A Tame, T Hooper (Tasmania), P Horne (Queensland), G Groom (ACT), E Flatley (NSW), G Folay (Queensland), A Blaikie (NSW), J Wilson (Tasmania), G Cullen (ACT), W O'Dowd (NSW), Replacement (ACT), R Harry (New South Wales), M Folay (Queensland), C Doherty (NSW), B Robinson (Tasmania), M Hardy, S Payne, A Head (all NSW), M Catt (Tasmania), D Wilson (both Queensland).

TENNIS

Henman given a hard time by Weal

Tim Henman's step from the world circuit back into domestic competition suffered a surprising stumble in his opening match of the Guardian Direct British National Championships at Telford yesterday.

The defending champion dropped the second set and was within a point of going a break of serve down in the third set before coming through 6-4, 5-7, 6-1 against his former doubles partner Nick Weal.

Weal, ranked 14 in Britain and only 594 in the world, had an inspired spell at the end of the second set, in which he saved five match points on his serve and then broke Henman in the following game.

The champion helped him with a double fault to go break point down and then delivered a second serve which gave Weal the chance to make a winning backhand return.

Mostly, however, Henman played reasonably well but found Weal in outstanding form with his first serves and heavy forehands.

"Really the focus should be on his performance and how well he played," Henman said. "It's not the best I have played but I upped my level in the third set. It was a good match.

"There is a gap in the rankings for everyone to see. But there are signs there are guys

pushing up the rankings to fill that gap," Henman, the world No 17, added.

WEAL, 24, from Hampshire: "I am a little disappointed. I had a sniff there and hit an off-hands forehand. I'm not saying I would have won, but I would have been in the driving seat, if I had taken that."

The defending women's champion, Julie Pullin, had an even bumpier ride. The fifth seed from Sussex fell away disappointingly in the second set of a 7-6, 6-2 loss to Lizzie Jeffs.

Jeffs, who had been 5-4 down in the final set to Warwickshire's Leyla Ogao late the night before, seemed to have been match-hardened by that crisis and earned herself a quarter-final with the third seed Lorna Woodroffe.

● Andre Agassi, now ranked a lowly 139 in the world, took a small step in his quest to regain his world-class status with a 6-2, 6-4 victory over Michael Tebbutt, of Australia, in the opening round of the USTA Men's Challenger tournament in Las Vegas on Tuesday night.

Nicol gets the nod to lead Scotland in absence of Wainwright

Andy Nicol will lead Scotland against Australia at Murrayfield on Saturday week. The Bath scrum-half was yesterday handed the captaincy in Rob Wainwright's absence for the first in an autumn double-header against two of the leading southern hemisphere nations.

South Africa also come to Edinburgh, on 6 December, and despite leading out the Scotland tourists against some of that country's provincial sides last summer, Nicol is relishing the prospect of his first

international in charge. "I have been lucky enough to play for the national side before and now I regard myself as very fortunate in that I am realising a lifetime goal," he said.

The former Dundee HSFPP dynamo would undoubtedly have won more than the eight caps he has managed since making his debut against England five years ago, but for a chronic run of injury problems. However, after regaining his best form since his elevation to the Recreation Ground ear-

lier this season, Nicol got the nod once he'd beaten off fierce competition from Gary Armstrong and Bryan Redpath for the No 9 berth.

"He was the clear-cut choice as captain once we had made that decision," confirmed the coach, Richie Dixo, who named four new caps for the Wallabies' visit.

Glasgow's James Craig was rewarded for his try-scoring prowess in the pack are the Kelso and Scottish Borders flanker Adam Rutherford, who has finally started to fulfil his potential this year, and the 21-year-old Bedford lock, Scott Murray.

Townsend gets the chance to show off his mercurial talents from his favoured stand-off position despite some erratic form for Northampton recently.

The backs coach, David Johnstone, said: "Gregor showed in South Africa that he has the ability to be a good team man, and he is also a big game player. I am confident he will show his Lions form for us."

Townsend will have fellow tourists Alan Tait and Tony Stanger outside him in a strong

centre partnership, with Kenny Logan and Rowan Shepherd completing an attack-minded back line.

Scotland's director of rugby Jim Telfer, who helped guide the Lions to their success, is optimistic of a positive start to the international season at home in contrast to previous years.

He said: "We should be better prepared than we have been in the past in that the players are performing in a higher level of rugby with the European Cup, the European Cup for fellow

SAILING: WHITBREAD ROUND THE WORLD RACE

Smith struggles to find form as Krantz pulls from the pack

Paul Cayard hauled EF Langrage from eighth to sixth place in the Whitbread Race as the fleet ploughed through the Roaring Forties on the second leg from Cape Town to Fremantle.

The leading trio of Swedish Match, Kværner and Toshiba have broken from the pack, with Swedish Match enjoying a 225-mile advantage. There is much to play for in the chasing group of five as 15 miles separate

not so much as our liking," Smith said, "but I am confident we can make up the miles with some slightly more aggressive tactics."

Grant Dalton, on Merit Cup, said his crew were "very subdued, walking, waiting..." The Wallabies will now take 17 days. "We only carry food for 16."

On Swedish Match the mood was, unsurprisingly, more upbeat. Gunnar Krantz said:

"Food is no problem. We have chocolate and lollies coming out of our ears. We are out going to lose weight on this leg."

WHITEHEAD ROUND THE WORLD RACE (second leg, 110 miles, Cape Town to Fremantle) 1. Swedish Match (S) 2. Kværner (N) 3. Toshiba (S) 4. EF Langrage (S) 5. Ef (T) 6. Langrage (S) 7. Langrage (S) 8. EF Langrage (S) 9. Ef (S) 10. Ef (S) 11. Ef (S) 12. Ef (S) 13. Ef (S) 14. Ef (S) 15. Ef (S) 16. Ef (S) 17. Ef (S) 18. Ef (S) 19. Ef (S) 20. Ef (S) 21. Ef (S) 22. Ef (S) 23. Ef (S) 24. Ef (S) 25. Ef (S) 26. Ef (S) 27. Ef (S) 28. Ef (S) 29. Ef (S) 30. Ef (S) 31. Ef (S) 32. Ef (S) 33. Ef (S) 34. Ef (S) 35. Ef (S) 36. Ef (S) 37. Ef (S) 38. Ef (S) 39. Ef (S) 40. Ef (S) 41. Ef (S) 42. Ef (S) 43. Ef (S) 44. Ef (S) 45. Ef (S) 46. Ef (S) 47. Ef (S) 48. Ef (S) 49. Ef (S) 50. Ef (S) 51. Ef (S) 52. Ef (S) 53. Ef (S) 54. Ef (S) 55. Ef (S) 56. Ef (S) 57. Ef (S) 58. Ef (S) 59. Ef (S) 60. Ef (S) 61. Ef (S) 62. Ef (S) 63. Ef (S) 64. Ef (S) 65. Ef (S) 66. Ef (S) 67. Ef (S) 68. Ef (S) 69. Ef (S) 70. Ef (S) 71. Ef (S) 72. Ef (S) 73. Ef (S) 74. Ef (S) 75. Ef (S) 76. Ef (S) 77. Ef (S) 78. Ef (S) 79. Ef (S) 80. Ef (S) 81. Ef (S) 82. Ef (S) 83. Ef (S) 84. Ef (S) 85. Ef (S) 86. Ef (S) 87. Ef (S) 88. Ef (S) 89. Ef (S) 90. Ef (S) 91. Ef (S) 92. Ef (S) 93. Ef (S) 94. Ef (S) 95. Ef (S) 96. Ef (S) 97. Ef (S) 98. Ef (S) 99. Ef (S) 100. Ef (S) 101. Ef (S) 102. Ef (S) 103. Ef (S) 104. Ef (S) 105. Ef (S) 106. Ef (S) 107. Ef (S) 108. Ef (S) 109. Ef (S) 110. Ef (S) 111. Ef (S) 112. Ef (S) 113. Ef (S) 114. Ef (S) 115. Ef (S) 116. Ef (S) 117. Ef (S) 118. Ef (S) 119. Ef (S) 120. Ef (S) 121. Ef (S) 122. Ef (S) 123. Ef (S) 124. Ef (S) 125. Ef (S) 126. Ef (S) 127. Ef (S) 128. Ef (S) 129. Ef (S) 130. Ef (S) 131. Ef (S) 132. Ef (S) 133. Ef (S) 134. Ef (S) 135. Ef (S) 136. Ef (S) 137. Ef (S) 138. Ef (S) 139. Ef (S) 140. Ef (S) 141. Ef (S) 142. Ef (S) 143. Ef (S) 144. Ef (S) 145. Ef (S) 146. Ef (S) 147. Ef (S) 148. Ef (S) 149. Ef (S) 150. Ef (S) 151. Ef (S) 152. Ef (S) 153. Ef (S) 154. Ef (S) 155. Ef (S) 156. Ef (S) 157. Ef (S) 158. Ef (S) 159. Ef (S) 160. Ef (S) 161. Ef (S) 162. Ef (S) 163. Ef (S) 164. Ef (S) 165. Ef (S) 166. Ef (S) 167. Ef (S) 168. Ef (S) 169. Ef (S) 170. Ef (S) 171. Ef (S) 172. Ef (S) 173. Ef (S) 174. Ef (S) 175. Ef (S) 176. Ef (S) 177. Ef (S) 178. Ef (S) 179. Ef (S) 180. Ef (S) 181. Ef (S) 182. Ef (S) 183. Ef (S) 184. Ef (S) 185. Ef (S) 186. Ef (S) 187. Ef (S) 188. Ef (S) 189. Ef (S) 190. Ef (S) 191. Ef (S) 192. Ef (S) 193. Ef (S) 194. Ef (S) 195. Ef (S) 196. Ef (S) 197. Ef (S) 198. Ef (S) 199. Ef (S) 200. Ef (S) 201. Ef (S) 202. Ef (S) 203. Ef (S) 204. Ef (S) 205. Ef (S) 206. Ef (S) 207. Ef (S) 208. Ef (S) 209. Ef (S) 210. Ef (S) 211. Ef (S) 212. Ef (S) 213. Ef (S) 214. Ef (S) 215. Ef (S) 216. Ef (S) 217. Ef (S) 218. Ef (S) 219. Ef (S) 220. Ef (S) 221. Ef (S) 222. Ef (S) 223. Ef (S) 224. Ef (S) 225. Ef (S) 226. Ef (S) 227. Ef (S) 228. Ef (S) 229. Ef (S) 230. Ef (S) 231. Ef (S) 232. Ef (S) 233. Ef (S) 234. Ef (S) 235. Ef (S) 236. Ef (S) 237. Ef (S) 238. Ef (S) 239. Ef (S) 240. Ef (S) 241. Ef (S) 242. Ef (S) 243. Ef (S) 244. Ef (S) 245. Ef (S) 246. Ef (S) 247. Ef (S) 248. Ef (S) 249. Ef (S) 250. Ef (S) 251. Ef (S) 252. Ef (S) 253. Ef (S) 254. Ef (S) 255. Ef (S) 256. Ef (S) 257. Ef (S) 258. Ef (S) 259. Ef (S) 260. Ef (S) 261. Ef (S) 262. Ef (S) 263. Ef (S) 264. Ef (S) 265. Ef (S) 266. Ef (S) 267. Ef (S) 268. Ef (S) 269. Ef (S) 270. Ef (S) 271. Ef (S) 272. Ef (S) 273. Ef (S) 274. Ef (S) 275. Ef (S) 276. Ef (S) 277. Ef (S) 278. Ef (S) 279. Ef (S) 280. Ef (S) 281. Ef (S) 282. Ef (S) 283. Ef (S) 284. Ef (S) 285. Ef (S) 286. Ef (S) 287. Ef (S) 288. Ef (S) 289. Ef (S) 290. Ef (S) 291. Ef (S) 292. Ef (S) 293. Ef (S) 294. Ef (S) 295. Ef (S) 296. Ef (S) 297. Ef (S) 298. Ef (S) 299. Ef (S) 300. Ef (S) 301. Ef (S) 302. Ef (S) 303. Ef (S) 304. Ef (S) 305. Ef (S) 306. Ef (S) 307. Ef (S) 308. Ef (S) 309. Ef (S) 310. Ef (S) 311. Ef (S) 312. Ef (S) 313. Ef (S) 314. Ef (S) 315. Ef (S) 316. Ef (S) 317. Ef (S) 318. Ef (S) 319. Ef (S) 320. Ef (S) 321. Ef (S) 322. Ef (S) 323. Ef (S) 324. Ef (S) 325. Ef (S) 326. Ef (S) 327. Ef (S) 328. Ef (S) 329. Ef (S) 330. Ef (S) 331. Ef (S) 332. Ef (S) 333. Ef (S) 334. Ef (S) 335. Ef (S) 336. Ef (S) 337. Ef (S) 338. Ef (S) 339. Ef (S) 340. Ef (S) 341. Ef (S) 342. Ef (S) 343. Ef (S) 344. Ef (S) 345. Ef (S) 346. Ef (S) 347. Ef (S) 348. Ef (S) 349. Ef (S) 350. Ef (S) 351. Ef (S) 352. Ef (S) 353. Ef (S) 35

MacLaurin regrets ignoring his instincts in battle for two divisions

Lord MacLaurin has admitted he made a mistake in his failed attempt to create a two-division County Championship.

It could all have been so different if the head of English cricket had not surrendered his wicket so easily, says Nick Duxbury.

The linseed and leather brigade should have been straining at the leash this winter in anticipation of a new two division County Championship come the first rays of summer. Instead, what the players and the public will get is the same, tired, old format.

Why? Because as Lord MacLaurin, the former big bird among the frozen turkeys at Tesco, said yesterday, he let the ostrich-like county chairman have their way.

It all began so well. MacLaurin, the chairman of

the England and Wales Cricket Board, was determined to turn English cricket into a more competitive force both domestically and internationally through two divisions.

For that he had the support of the players, sponsors, broadcasters and a public desperate to see cricket brought into the modern age complete with the prospect of cut and thrust promotion/relegation fights.

But MacLaurin lost a vote at September's meeting of the First Class Forum, who decided the Championship would

remain unchanged, although they did adopt a two division one-day league.

It now transpires that what MacLaurin should have done is padded up and gone in wearing a hat above his head. "Maybe in retrospect we didn't go about it in the best possible way, but you can always be wise after the event," MacLaurin said on Radio Five Live.

"I did one fundamental thing wrong - when we presented Raising the Standard we produced the three-conference style which the County

chairmen didn't like. All the research I did told me that a two-division County Championship was the one that everybody wanted. The sponsors, the broadcasters and the players all wanted it, but 14 out of the 18 County chairmen said they didn't and wouldn't have it under any circumstances."

"We then produced the three-conference system and they didn't like that either. If I had been true to my hunch instinct, which I should have been in retrospect, I would have put the two-division County

Championship in the original document. We would have had the argument before rather than later and who knows what the outcome might have been?"

MacLaurin, who as chairman of Tesco probably did not have to fight for his shopping trolley on a Friday night, will now redouble his efforts to make the chairman see the light and abandon their own self interests. "In Tesco I didn't have to persuade that many people really - only the consensus of the board," he said. "Cricket is different."

son then I think their performance at Test level is suffering a bit - the players tell me that.

"I have to persuade the chairman that their financial position is fully protected."

Each county receives £1m a year from Lord's and there is a "misconception" that counties in the second division would lose their pot of gold.

"The counties are the centre of excellence for our cricket and our cricketing future," said MacLaurin, as he began the fightback from 1-0 down in the series.

Scottish breakaway descends into farce

The proposed breakaway by top Scottish clubs was thrown into further chaos yesterday when an important ballot was dismissed as "pointless and meaningless" by the breakaway sides.

The Scottish Football League management committee had voted in favour of requesting the institution of court proceedings on behalf of the League against the president and the five elected representatives of the Premier Division teams. The proposal was carried by six votes to five, but the Premier Division sides claim that the ballot was affected by the non-attendance of Eric Riley, because of a delay in flights from the United States.

The six want to overturn a decision at the last committee meeting when the Premier League breakaway 10 got the go-ahead to put their wish to retire from the league to a special meeting of all clubs next Tuesday.

But, even before that action is taken in the courts, Premier representatives have called another meeting of the manage-

ment committee next Tuesday to overturn what happened yesterday.

Lex Gold, spokesman for the Premier teams, was swift to denounce the vote. "Today's vote is both pointless and meaningless. Having taken the detailed advice of senior counsel, we are extremely confident that this declarator will not be granted by any court as it, in effect, seeks to ask the SFL to itself. This is beyond the power of the League Management Committee.

"At today's meeting, we tabled legal advice prior to the vote being taken which showed that the motion was incompetent. This was done to allow the representatives from divisions one, two and three to pull back from the brink.

"We are going to proceed on the time frame we were on and that decision will be shown to be incompetent, so it will not be getting the way.

"You cannot have clubs suing themselves, which is what they are looking for. And, technically, it is not going to make

Gary Neville out of England squad for Cameroon match

Gary Neville last night became the latest participant in Sunday's Arsenal v Manchester United match to pull out of Glenn Hoddle's England squad for the friendly international with Cameroon on Saturday. Neville has withdrawn with a hamstring injury.

The Manchester United defender picked up the problem in the Old Trafford side's 3-2 defeat at Highbury. The injury forced 22-year-old Neville to sit out Monday's first training session at the England squad's Bisham Abbey headquarters.

Hoddle had been hoping that Neville would recover in time to be available for the Wembley encounter with the West African side. But Neville was reluctantly packing his bags and heading back to Manchester for treatment last night, alongside his Old Trafford team-mate Teddy Sheringham.

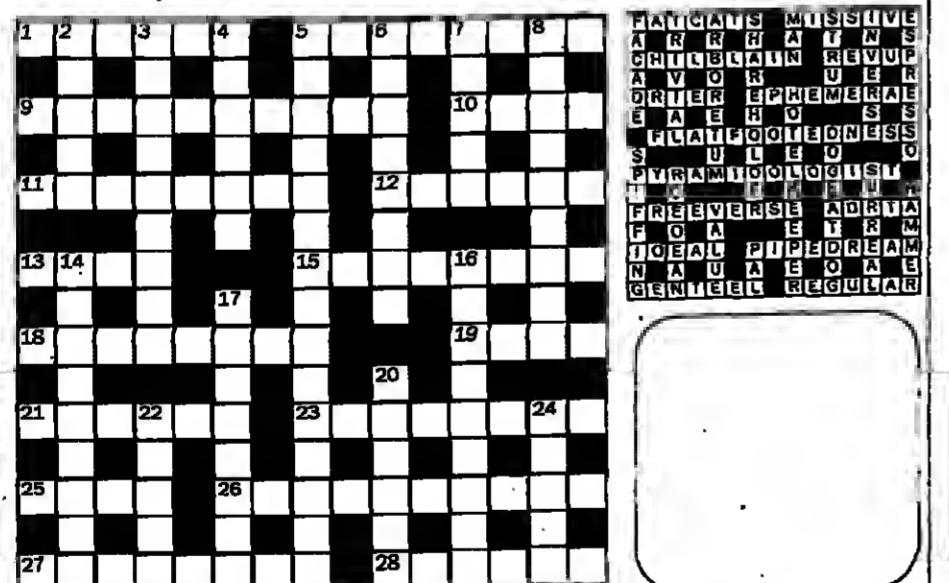
Neville joins knee victim Sheringham, his United colleague Gary Pallister (back) and the Arsenal defender Tony Adams (ankle) in dropping out of the 25-man squad Hoddle named last Friday.

THE INDEPENDENT CROSSWORD

No. 3455. Thursday 13 November

By Mass

Wednesday's solution



ACROSS
1. Grasped most of yokel's language? (6)
5. Call? Bird's a peacock (8)
9. Show point in flex for convertible (10)
10. Falling against Diamonds (4)
11. Brother with colic turned green (8)
12. See short tie in display (6)
13. What's the difference? (4)
15. Salt, bit on salad herb (8)
18. French dessert, mainly (otherwise, a Greek dish) (8)

DOWN
1. Barks from horses? (4)
2. Additional headache, losing Bishop (5)
3. Bracelets, fake, about 100 carried by a German (9)
4. Deliberate fraud involving hock (4,2)
5. Such may be found in the ranks? (6,9)
6. Preference for suit must get established (8)
7. One has to look up name of the drink? (5)
8. Confederate attachment? (9)
14. 'Give one the needle' could be in a clue to this? (9)
16. Pushy, putting limits on debts (9)
17. Adept's heard to improve on disability (8)
20. Diets? Shows signs? (6)
22. Announce source of oil's no good (5)
24. Jog like a streaker with out hint of garments (5)

Paul Jones, the Wales goalkeeper, fails to stop Rivaldo scoring the second Brazilian goal in the hosts' 3-0 win in a friendly international in Brasilia on Tuesday night

Rusedski suffers as Sampras makes all the right moves

Greg Rusedski's adventure as Britain's first representative among the world's élite at the ATP Tour

Championship began to

fade after yesterday's

round-robin defeat by

Pete Sampras.

John Roberts, in Hannover,

explains why it was no

time for the British No 1

to wake up with a

twinge in his thigh.

"I was kind of in a do-or-die situation today. Either I was going to be making flight plans over the weekend, or I was not."

Rusedski is the one likely to have the airport on his mind. Having lost his opening matches against Sampras and Australia's Pat Rafter, the British No 1 is scheduled to complete his three round-robin matches in the Red Group against Moya tonight. Rusedski had requested a day off for further treatment, but the show goes on.

Eight double-faults compounded Rusedski's misery yesterday. "I just couldn't push up, that was the problem," he said, indicating his right foot. "I try to play against Sampras when you are not 100 per cent fit is not the easiest of tasks. I couldn't go for certain balls. I was probably about a step or a step and a half late on certain balls that I normally would get to."

As far as Sampras was concerned, Rusedski seemed to be the altitudes of the sport, was the player with real difficulties, both physical and psychological. A taut hamstring in the right thigh restricted Rusedski's movement, and his upward mobility was limited further by a vast improvement in Sampras's performance on the second day of the ATP Tour Championship.

The brilliant American had defeated the Canadian-born Rusedski in their five previous matches, starting with Rusedski's Wimbledon debut and continued his sequence, 6-4, 7-5, after 76 minutes.

Unfortunately for Rusedski, while he was experiencing twinges of pain, his opponent was refreshed, having worked the staleness out of his game during his defeat on Tuesday by Spain's Carlos Moya. "It was a wake up call," Sampras said.

confidently passing Rusedski with a forehand.

In the following game, when Rusedski did make some headway on Sampras's serve, the American swept away a break point with an angled backhand volley. Rusedski subsequently saved three break points in a seventh game notable for three double-faults and two aces.

Sampras's progress was interrupted for three minutes by a time-out for the treatment to his nose. "I happen to get a number of bloody noses through the year," he said. "It was a bad one. Wouldn't stop for a while. But once it's gone, it's gone."

The trainer was for the opening game of the second set, sitting on Sampras's chair like a stray Davis Cup captain, but Rusedski was the player who seemed in greater need of treatment, for frustration as much as physical stress.

He threw his racket to the court after missing a shot down the line that would have given him a break point in the fourth game. Rusedski had a better opportunity to create a break point at 30-30 in the eighth game, but dumped a backhand approach into the net.

His eighth double-fault set Sampras up for the kill in the 11th game. The American converting the opportunity with a forehand cross-court pass off a second serve.

Rusedski's coach, Tony Pickard, was far from disheartened with his new protégé's performance. "It's the first time he's made it here, and he lost to No 1 and No 3 in the world, not 153 or something," he said. "I would say he was only 75 per cent fit today. You can't help what happened. That's it in a nutshell."

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